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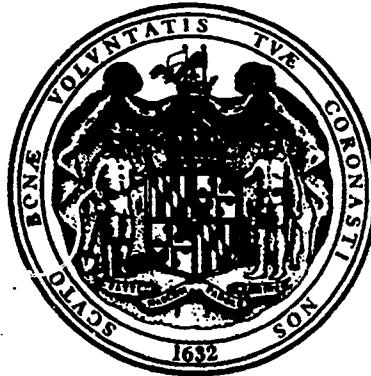
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## ABSTRACT

This report presents findings and recommendations from a study conducted by the Maryland General Assembly examining options for increasing state formula aid and changing the distribution of aid to the state's 18 community colleges. Following a letter of transmittal providing background information on community college financing, the report summarizes key findings, including that current state funding for the colleges continues to be inadequate and that the state formula aid and distribution of that aid for community colleges leads to major funding inequities. Next, recommendations for addressing the situation are presented, including the provision of an additional \$15.5 million in community college funding for fiscal year (FY) 1997 and the implementation of changes in state formula aid and distribution mechanisms. The bulk of the document consists of eight appended reports describing the role of community colleges in Maryland, the evolution of the community college funding formula, a national comparison of community college funding, options for increasing state mandated aid for community colleges, options for changing the distribution of community college formula aid for FY 1997-2000, the current community college formula using full time equivalency (FTE) counts, proposed maintenance of effort requirements, and a proposal from the Maryland Association of Community Colleges for strengthening community colleges' role in economic development. (TGI)

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# **FINAL RECOMMENDATIONS OF THE COMMUNITY COLLEGE FINANCING STUDY GROUP**



**ANNAPOLIS, MARYLAND**

**January 1996**

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# **FINAL RECOMMENDATIONS OF THE COMMUNITY COLLEGE FINANCING STUDY GROUP**



**ANNAPOLIS, MARYLAND**

**January 1996**

**For further information concerning this document contact:**

**Department of Fiscal Services  
90 State Circle  
Annapolis, Maryland 21401**

**Baltimore: (410) 841-3710 • Washington: (301) 858-3710  
Other areas: 1-800-492-7122, extension 3710  
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GENERAL ASSEMBLY OF MARYLAND

ANNAPOLIS, MARYLAND 21401

December 18, 1995

Honorable Thomas V. Mike Miller, Jr., President of the Senate  
Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates  
Honorable Members of the General Assembly

Gentlemen:

The Community College Financing Study Group respectfully submits its report for the 1995 Interim. The study group's membership consisted of the Senate Budget and Taxation Subcommittee on Health, Education and Human Resources and the House Ways and Means Education Subcommittee, with two members from the Appropriations Committee. The study group focused on two major issues during its five joint meetings: 1) to examine options for increasing state formula aid to community colleges; and 2) to explore options for changing the distribution of aid. The study group agreed early in its proceedings that without additional funds attempting to change the distribution formula would be futile.

Study group members perceive and appreciate the contributions of the eighteen community colleges in Maryland that provide diverse educational services to residents of all 24 counties. Maryland's community colleges educate over half of all undergraduates in the state. Community colleges also provide workforce training opportunities to the state's businesses, nonprofit organizations and government agencies. Yet despite the significant contributions of the colleges, we found that current state funding for community colleges continues to be inadequate.

To illustrate the dilemma of adequate funding, consider the following statistics: from 1980 to 1993, state aid to community colleges increased 82%, while local aid to community colleges increased 158%, and tuition rose by 255%. Contrast this with state aid to the 4 year public institutions, which increased 172% during the same time period. This burden of increasing tuition and fees tends to frustrate one of the most basic attributes of the community college: that is accessibility, especially for students of limited means. This problem is exacerbated by the fact that many community college students do not qualify for state financial aid because of the number of credit hours carried.

Though legislation passed in 1991 called for the state to pay 46% of the colleges' budgets by fiscal 1996, the state share of total community college revenues has declined, from 34% in fiscal 1991 to 28% in fiscal 1996. Further, the study group found that the current formula, which distributes 70% of its funds via a fixed cost grant, 27% based on a marginal cost grant, .5% on a wealth grant, 1.75% for a small sized factor, .25% for a medium size factor and .5% for challenge grants is too complicated and gives no recognition to inflationary costs.

Honorable Thomas V. Mike Miller, Jr., President of the Senate  
Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates  
Honorable Members of the General Assembly  
December 18, 1995  
Page 2

In addition, state formula aid per full-time equivalent (FTE) student varies from a high of \$3,167 at Garrett County Community College to a low of \$1,122 at Anne Arundel Community College. While the economies of scale that exist at large schools might justify some variance in funding per FTE, those economies cannot account for a difference of \$2,000 in state aid per FTE. The study group concluded the current formula leads to funding inequities across community colleges statewide.

As a result of these findings, the study group made major recommendations concerning the calculation of total state formula aid for community colleges as well as the distribution of that aid. The recommendations include an infusion of \$15.5 million for community college funding in FY 1997. Since the FY 1996 budget includes a one-time grant of \$5.5 million for community college equipment expenditures, the study group's recommendation results in a net increase of \$10 million over last fiscal year's operating budget appropriation. This amount closely mirrors the Maryland Higher Education Commission's request for additional community college funding. The study group believes the additional funds are necessary for the community colleges to begin to "catch-up" to Maryland's other institutions of higher education, as well as community college systems in other states.

A summary of the major recommendations is outlined below.

- **State Mandated Formula Aid:** Committee members recommend that community colleges receive, on a per FTE basis, 22 percent of the 4-year public institutions' funding per FTE for the first year. This percent then increases by one percentage point per year, until it reaches 25 percent by fiscal year 2000. For fiscal year 1997, this formula change translates into an additional \$14.7 million, bringing the total state formula aid to \$101.2 million for FY 1997 (the \$14.7 million is an aggregate amount; each college's appropriation will be calculated through a distribution formula).
- **Formula Aid Distribution Options:** The committee members voted to support a formula with a fixed cost component set at 36% of total funding, a variable component of 60% and the small size factor of 4%, beginning in fiscal 1997. The small size factor would decrease by a percentage point each year, reaching 1% in FY 2000. Likewise, the fixed cost component would increase a percentage point each year, reaching 39% in FY 2000. The seven schools that currently receive a small size grant would continue to receive one under this option.

This formula proposal eliminates the medium size grant, wealth factor and challenge grants that are part of the current formula, decreases the fixed cost percent total from 70% to 39% and increases the variable factor from 27% to 60%. The option is

Honorable Thomas V. Mike Miller, Jr., President of the Senate  
Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates  
Honorable Members of the General Assembly  
December 18, 1995  
Page 3

simpler than the current formula and more accurately reflects community college expenditures, which are more variable than fixed.

- **Full Funding for the Garrett/WVA Reciprocity Agreement:** Committee members recommend that \$501,000 be appropriated to fully fund the Garrett/WVA Reciprocity Agreement for FY 1997 and this program be fully funded in all future years. This funding should be in addition to projected formula aid increases.
- **Full Funding for Statewide Programs:** Committee members recommend that \$809,200 be appropriated to fully fund statewide programs for FY 1997 and this program be fully funded in all future years. This funding should be in addition to projected formula aid increases.

Other recommendations of the study group include the following: 1) retain current definition of small-size colleges; 2) retain current maintenance of effort requirement for local governments; 3) form a Governor's Subcabinet on Statewide Workforce Training; 4) include community colleges under higher education funding for budgeting purposes; and 5) study the funding needs of Baltimore City Community College and the role of adult education in Maryland.

On behalf of all the study group members, we thank you for the opportunity to closely study the issue of community college financing. We believe this joint effort by members of both the Senate and the House of Delegates has resulted in a strong set of recommendations that will enhance the educational experience of Maryland's community college students. We ask for your support and leadership in addressing these issues, both within the General Assembly and vis-a-vis the Administration.

Sincerely,



Senator John A. Cade  
Co-Chairman



Delegate Henry B. Heller  
Co-Chairman

**Maryland General Assembly  
Community College Financing Study Group**

**1995 Interim  
Membership Roster**

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Patrick J. Hogan  
Edward J. Kasemeyer  
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**Committee Staff**

**Kristin Terchek**  
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## Table of Contents

Letter of Transmittal .....	iii
Roster .....	vii
Table of Contents .....	ix
Summary of Final Recommendations .....	1
Appendix 1 Role of Community Colleges in Maryland .....	15
Appendix 2 Evolution of the Community College Funding Formula .....	21
Appendix 3 Community College Funding Overview: A National Comparison .....	41
Appendix 4 Options for Increasing State Mandated Formula Aid for Community Colleges .....	59
Appendix 5 Options for Changing the Distribution of Community College Formula Aid FY 1997-FY 2000 .....	65
Appendix 6 Current Community College Formula: College FTE Counts .....	103
Appendix 7 Proposed Maintenance of Effort Requirements .....	105
Appendix 8 Maryland Association of Community Colleges: Proposal to Secretary Brady for Strengthening Community Colleges' Role in Economic Development .....	111

## **Community College Financing Study Group Summary of Final Recommendations**

### **Background**

The Senate Budget and Taxation Subcommittee on Health, Education and Human Resources and the House Ways and Means Education Subcommittee, in consultation with two members of the Appropriations Committee, have spent the 1995 interim examining the issue of community college financing. This group of legislators, comprising the Community College Financing Study Group, focused on two major areas during their five joint meetings: (1) to examine options for increasing state formula aid to community colleges; and (2) to explore options for changing the distribution of aid. The study group agreed early in its proceedings that without additional funds attempting to change the distribution formula would be futile.

In addition to these issues, the legislators studied related matters, including funding for statewide programs and reciprocity agreements, the definition of a small size school, maintenance of effort requirements for counties, a possible subcabinet on statewide workforce training and funding for Baltimore City Community College.

### **Community Colleges Are Under Funded by the State**

Study group members perceive and appreciate the contributions of the eighteen community colleges in Maryland that provide diverse educational services to residents of all 24 counties. Maryland's community colleges educate over half of all undergraduates in the state. Community colleges also provide workforce training opportunities to the state's businesses, nonprofit organizations and government agencies. Yet despite the significant contributions of the colleges, study group members found that current state funding for community colleges continues to be inadequate. The following points support that finding.

- The preamble to legislation passed in 1991 called for the state to pay 46% of the colleges' budgets by fiscal 1996 as an established state policy; however, the state share of total community college revenues has declined, from 34% in fiscal 1991 to 28% in fiscal 1996. In FY 1996, local aid will in fact comprise 34% of the total revenues, tuition will account for 36% of revenues, and 2% will come from other sources. The state's recent unwillingness to meet its funding commitment simply continues a 20 year trend of avoiding legislatively established goals through the executive budget process.
- In contrast to the state share of 28% of total community college revenues, state aid makes up 40% of total unrestricted revenues at the four-year public institutions in FY 1996. Likewise, state support for students in the University of Maryland System average \$6,690 per full-time equivalent (FTE) student in FY 1996, compared to \$1,252 per FTE student at the community colleges.
- While community colleges enroll more than half of Maryland undergraduates, they received only 17% of state funding for higher education in FY 1996.

- From 1987 to 1993, state aid to community colleges increased 82%, while local aid to community colleges increased 158%, and tuition rose by 255%. Contrast this with state aid to the 4 year public institutions, which increased 172% during the same time period.
- Compared to other states, Maryland relies more heavily than most on local aid and tuition as sources of revenue for its community colleges, and its state appropriation as a percent of total funding is smaller than that of most states (see Appendix 3).

### **The Present Formula is too Complicated, Unrelated to the Realities of Actual Expenditures, and Leads to Major Funding Inequities Across Community Colleges**

- The current formula, which distributes 70% of its funds via a fixed cost grant, 27% based on a marginal cost grant, .5% on a wealth grant, 1.75% for a small sized factor, .25% for a medium size factor and .5% for challenge grants is too complicated. For example, to calculate the wealth grant, one must determine (1) whether the county share for the previous fiscal year divided by the total assessed valuation of real property in the supporting county or region is greater than or equal to the statewide median; and (2) whether the per capita wealth of the supporting county or region is less than 80% of the statewide per capita wealth or the total assessed valuation of real property in the supporting county or region is less than \$1 billion.
- State formula aid per full-time equivalent (FTE) student varies from a high of \$3,167 at Garrett County Community College to a low of \$1,122 at Anne Arundel Community College. While the economies of scale that exist at large schools might justify some variance in funding per FTE, those economies cannot account for a difference of \$2,000 in state aid per FTE. The current formula leads to funding inequities across community colleges statewide.
- The Secretary of the Maryland Higher Education Commission, in her testimony before the study group on August 29, discussed several problems with the formula, including: (1) no mechanism for inflationary increases; (2) unpredictable funding because formula total may increase or decrease based on enrollment changes at other institutions; (3) varying funding per FTE from institution to institution; and (4) possibility of a funding reduction at one institution if another institution either enters the formula for the first time or enters the same size or wealth category.
- Systemwide, 60% of total community colleges expenditures went to instruction and student services, which are in large part variable expenditure categories (i.e., the number of professors and counselors retained by a college depends on the number of FTE students enrolled in that college). Therefore, a formula that relies on a fixed cost component of 70%, and a variable component of only 27% does not realistically reflect the expenditures at community colleges.

## **Conclusions and Recommendations**

The study group made major recommendations concerning the calculation of total state formula aid for community colleges and the distribution of that aid. The recommendations include an infusion of \$15.5 million for community college funding in FY 1997. Since the FY 1996 budget includes a one-time grant of \$5.5 million for community college equipment expenditures, our recommendation results in a net increase of \$10 million over last fiscal year's operating budget appropriation. This amount closely mirrors the Maryland Higher Education Commission's request for additional community college funding. The study group believes the additional funds are necessary for the community colleges to begin to "catch-up" to Maryland's other institutions of higher education, as well as community college systems in other states. Maryland has one of the lowest rates of state support in the country in the area of community college funding.

A summary of our recommendations is outlined below.

### **A. State Mandated Formula Aid**

Committee members recommend that total state mandated formula aid be calculated by tying community college funding per FTE to prior year funding per FTE for the 4-year public institutions. This method is similar to the one used to calculate total aid for Maryland independent colleges and universities (MICUA schools); however, unlike funding for the MICUA schools, it will be used to determine an aggregate funding amount and not an amount for individual schools.

Committee members recommend that community colleges receive, on a per FTE basis, 22 percent of the 4-year public institutions' funding per FTE for the first year. This percent then increases by one percentage point per year, until it reaches 25 percent by fiscal year 2000. For fiscal year 1997, this formula change translates into an additional \$14.7 million, bringing the total state formula aid to \$101.2 million for FY 1997, as shown below:

AID YEAR	TOTAL FUNDS UNDER NEW FORMULA (millions)	TOTAL FUNDS CURRENT LAW (millions)	DOLLAR DIFFERENCE (millions)	INCREASE OVER CURRENT LAW
1997	\$101.2	\$86.5	\$14.7	16.9%
1998	\$108.8	\$89.2	\$19.6	13.2%
1999	\$118.1	\$92.1	\$26.0	21.2%
2000	\$127.8	\$94.1	\$33.7	29.5%

### **B. Full Funding for the Garrett/WVA Reciprocity Agreement**

Section 16-407 of the Education Article states that a resident of West Virginia who attends Garrett Community College, under a negotiated reciprocity agreement between the states of Maryland and West Virginia, is an in-county resident for tuition purposes. The section further states that "for each full-time equivalent student participating in the reciprocity

agreement, the State shall pay to Garrett Community College an amount equal to the net State support per full-time equivalent student..."

However, the administration has not fully funded this reciprocity agreement for several years and is expected to again include \$90,000 for FY 1997. This amount represents approximately 15.6 percent of the \$501,000 needed to fully fund the agreement. Therefore, committee members recommend that an additional \$411,000 be appropriated to fully fund the Garrett/WVA Reciprocity Agreement for FY 1997 and this program be fully funded in all future years. This funding should be in addition to projected formula aid increases.

### **C. Full Funding for Statewide Programs**

Section 16-407 of the Education Article states that if a student is a resident of Maryland and enrolls in an instructional program designated by the Maryland Higher Education Commission as a statewide program<sup>1</sup>, the student shall pay only in-county student tuition and fees and the state shall pay any applicable out-of-county fees. Currently, all colleges except for Carroll have at least one program designated by the commission as a statewide program and qualify for state reimbursement under this section.

In recent years, the state has not paid the full amount required until this section. The expected FY 1997 appropriation of \$416,000 equates to approximately 48 percent of the total amount needed. An additional \$443,200 would be necessary in FY 1997 to fully fund the state's liability under this section. Therefore, committee members recommend that an additional \$443,200 be appropriated to fully fund statewide programs for FY 1997 and this program be fully funded in all future years. This funding should be in addition to projected formula aid increases.

### **D. Formula Aid Distribution Options**

The committee members voted to support a formula with a fixed cost component set at 36% of total funding, a variable component of 60% and the small size factor of 4%, beginning in fiscal 1997. The small size factor would decrease by a percentage point each year, reaching 1% in FY 2000. Likewise, the fixed cost component would increase a percentage point each year, reaching 39% in FY 2000. The seven schools that currently receive a small size grant would continue to receive one under this option.

This formula proposal eliminates the current formula's medium size grant (currently set at 0.25% of the total), wealth factor (0.5% of the total) and challenge grants (0.5% of the total); decreases the fixed cost percent total from 70% to 39%; and, increases the variable factor from 27% to 60%. The option is simpler than the current formula and better reflects community college expenditures, which are more variable than fixed. Please see the following eight pages for a detailed description of the option.

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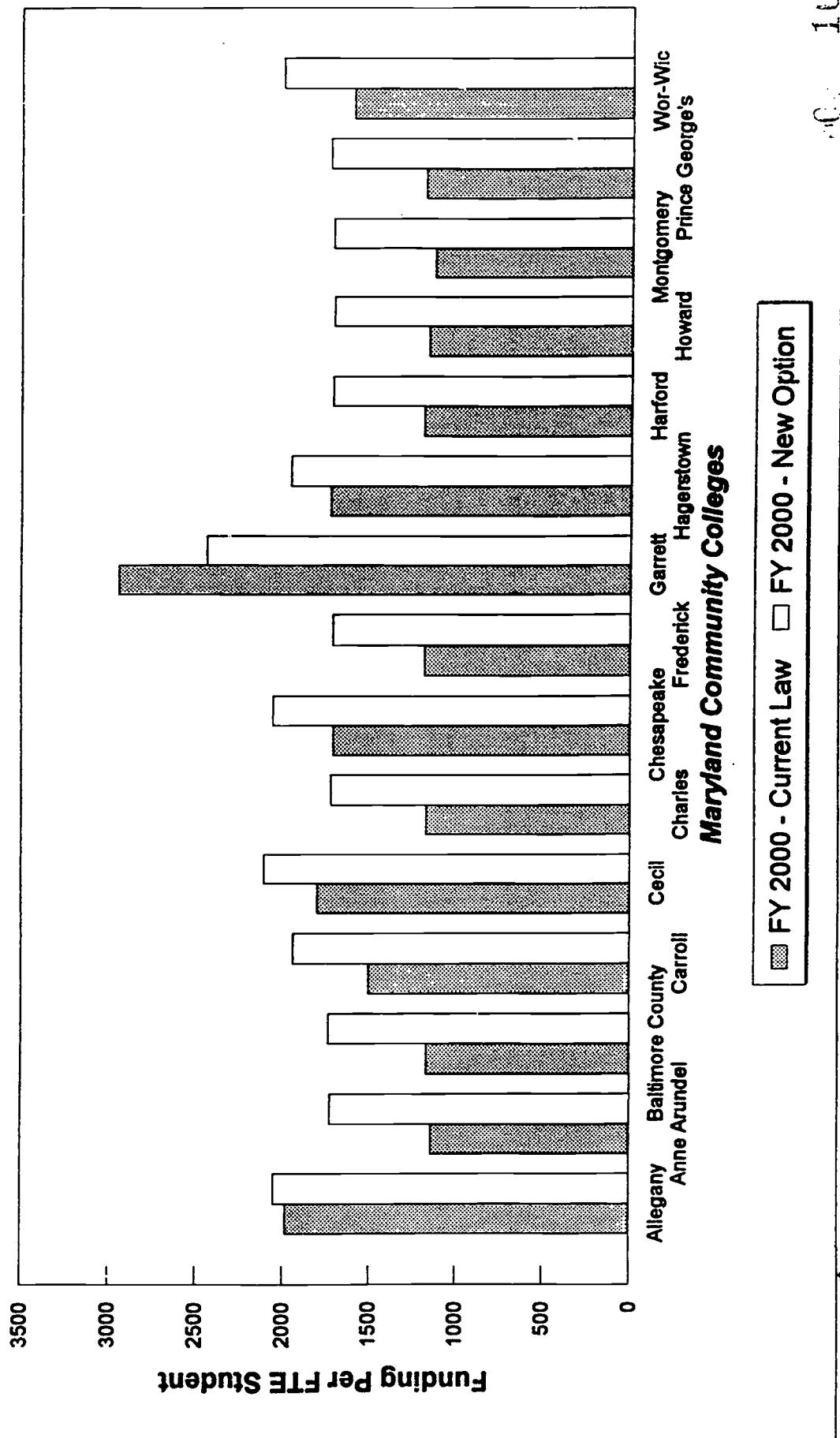
<sup>1</sup>Certain high cost, academic programs, such as allied health programs, are designated by MHEC as statewide programs. Individual programs are offered at a limited number of colleges to promote efficiencies among the colleges while providing access to students across jurisdictions.

**Distribution Model based on 36% Fixed, 60% Variable, and 4% Small Size Factor.** The small size factor declines a percentage point each year to 1% in fiscal 2000, while the fixed cost component rises to 39%.

- Total funding for this option, on a per FTE basis, is 22% of the aid per FTE at the four year public universities beginning in FY 1997. The funding grows a percentage point each fiscal year, reaching 25% in FY 2000.
- Under this model, the small size factor is taken from the fixed cost component, lowering fixed costs to 36% of the total. The variable cost component is set at 60% of total state funds available. The fixed cost component increases by one percentage point each year until it reaches 39% in fiscal 2000. Likewise, the small size factor decreases a percentage point each year to 1% in fiscal 2000.
- Under this model, the 36% fixed cost component is allocated to each college using the current method for allocating fixed costs. Each college's share of the total state grant from the prior fiscal year is calculated, and that share is multiplied by the total amount available for fixed costs. For example, Allegany received 3.5% of the total state grant in FY 1996. That percentage is multiplied by \$36.4 million, the total amount available for fixed costs in FY 1997. Thus, Allegany's share of fixed costs under this model is \$1.3 million.
- Of the remaining state funds, 60% is allocated on a per FTE basis, while the remaining 4% small size factor is divided amongst the schools that meet the definition of a small school.
- As the bar graph shows, only Garrett County would lose funding per FTE by the fiscal year 2000 under this option. At \$2,436 per FTE, Garrett would still receive \$329 more funding per FTE student than any other community college in FY 2000.
- As the summary sheet comparing the proposal to current law shows, Garrett is the only college to lose funds under this option. Garrett begins to lose funds in FY 1998 at a rate of 1.7%. The medium and large size schools show the strongest gains under this option beginning in FY 1997.
- Under this option, the spread in aid per FTE decreases about 74% by FY 2000.

# Community College Aid Distribution Model

## 39% Fixed, 60% Variable and 1% Small Size by FY 2000 Funding Per FTE Student - FY 2000



## SUMMARY

### Community College Aid Distribution Model

**Distributed by 36% Fixed, 60% Marginal (Per FTE) and 4% Small Size Factor  
(Size Factor Decreases to 1% by FY 2000, Fixed Grows to 39%)**

**Year to Year Increases (Decreases)  
FY 1997 - 2000**

COLLEGES	FY 1996 Projected State Aid	FY 1997 Proposed State Aid	% Increase (Decrease) Over Prior Yr.	FY 1997 Proposed State Aid	FY 1998 % Increase (Decrease) Over Prior Yr.	FY 1998 Proposed State Aid	FY 1999 % Increase (Decrease) Over Prior Yr.	FY 1999 Proposed State Aid	FY 2000 % Increase (Decrease) Over Prior Yr.	FY 2000 Proposed State Aid	FY 2000 % Increase (Decrease) Over Prior Yr.
Allegany	3,077,320	3,338,420	8.48%	3,275,830	-1.8%	3,275,967	0.00%	3,255,689	-0.62%		
Anne Arundel	9,161,279	11,044,095	20.55%	11,985,386	8.52%	13,243,835	10.50%	14,580,710	10.09%		
Baltimore County	20,273,159	23,407,564	15.46%	25,319,391	8.17%	27,630,335	9.13%	30,101,919	8.95%		
Carroll	2,845,245	3,222,540	13.26%	3,436,707	6.65%	3,626,940	5.59%	3,788,455	4.40%		
Cecil	2,250,541	2,496,705	10.94%	2,517,911	0.85%	2,558,793	1.62%	2,547,937	-0.42%		
Charles	3,811,817	4,690,288	23.05%	5,142,281	9.64%	5,691,828	10.69%	6,256,194	9.92%		
Chesapeake	2,440,796	2,841,608	16.42%	2,891,019	1.74%	2,928,446	1.29%	2,933,593	0.18%		
Frederick	2,979,461	3,404,672	14.27%	3,726,551	9.45%	4,167,978	11.85%	4,637,069	11.25%		
Garrett	1,701,769	1,808,505	6.27%	1,793,872	-0.81%	1,746,756	-2.63%	1,632,175	-6.56%		
Hagerstown	3,079,746	3,548,739	15.23%	3,706,863	4.46%	3,834,285	3.44%	3,937,851	2.70%		
Harford	4,334,435	4,879,227	12.57%	5,260,476	7.81%	5,779,545	9.87%	6,387,835	10.52%		
Howard	4,223,116	4,945,125	17.10%	5,365,336	8.50%	5,960,617	11.09%	6,637,549	11.36%		
Montgomery	14,525,305	16,851,975	16.02%	18,669,495	10.79%	20,808,119	11.46%	23,002,900	10.55%		
Prince George's	10,576,382	11,839,704	11.92%	12,655,678	6.89%	13,735,123	8.53%	14,940,098	8.77%		
Wor-Wic	2,398,663	2,903,582	21.05%	3,023,348	4.12%	3,125,846	3.39%	3,192,325	2.13%		
<b>TOTAL</b>	<b>87,681,034.00</b>	<b>101,222,748</b>	<b>15.44%</b>	<b>108,770,146</b>	<b>7.46%</b>	<b>118,116,412</b>	<b>8.59%</b>	<b>127,832,299</b>	<b>8.23%</b>		

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 22% of the aid per FTE at the four year publics beginning in fiscal 1997, increasing by one percentage point to 25% by fiscal 2000.

16

Prepared by Department of Fiscal Services, November, 1995.

## SUMMARY

### Community College Aid Distribution Model

**Distributed by 36% Fixed, 60% Marginal (Per FTE) and 4% Small Size Factor  
(Size Factor Decreases to 1% by FY 2000, Fixed Grows to 39%)**

**Percent Increase (Decrease) Over Current Law  
FY 1997 - 2000**

COLLEGES	FY 1997 Proposed State Aid	FY 1997 % Increase (Decrease) Over Curr. Law	FY 1998 Proposed State Aid	FY 1998 % Increase (Decrease) Over Curr. Law	FY 1999 Proposed State Aid	FY 1999 % Increase (Decrease) Over Curr. Law	FY 2000 Proposed State Aid	FY 2000 % Increase (Decrease) Over Curr. Law
Allegany	3,338,420	9.22%	3,275,830	8.27%	3,275,967	4.98%	3,255,689	3.34%
Anne Arundel	11,044,095	21.18%	11,985,386	29.52%	13,243,835	40.10%	14,580,710	51.34%
Baltimore County	23,407,564	18.39%	25,319,391	27.19%	27,630,335	37.40%	30,101,919	48.47%
Carroll	3,222,540	17.42%	3,436,707	23.22%	3,628,940	26.93%	3,788,455	29.10%
Cecil	2,496,705	16.15%	2,517,911	17.87%	2,558,793	18.68%	2,547,937	16.89%
Charles	4,690,288	20.80%	5,142,281	28.16%	5,681,828	37.31%	6,256,194	47.10%
Chesapeake	2,841,608	19.23%	2,891,019	21.04%	2,928,446	21.51%	2,933,593	20.48%
Frederick	3,404,672	15.56%	3,726,551	23.54%	4,167,978	33.94%	4,637,069	44.81%
Garrett	1,808,505	4.08%	1,793,872	-1.71%	1,746,756	-8.42%	1,632,175	-17.15%
Hagerstown	3,548,739	13.08%	3,706,863	13.45%	3,834,285	13.36%	3,937,851	13.15%
Harford	4,879,227	15.27%	5,260,476	22.97%	5,779,545	32.91%	6,387,835	44.24%
Howard	4,945,125	17.76%	5,365,336	25.29%	5,980,617	35.51%	6,637,549	46.85%
Montgomery	16,851,975	18.70%	18,869,495	29.06%	20,808,119	40.38%	23,002,900	51.88%
Prince George's	11,839,704	16.39%	12,655,678	24.84%	13,735,123	35.20%	14,940,098	46.65%
Wor-Wic	2,903,582	21.76%	3,023,348	24.49%	3,125,846	25.66%	3,192,325	25.38%
<b>TOTAL</b>	<b>101,222,748</b>	<b>17.55%</b>	<b>108,770,146</b>	<b>24.64%</b>	<b>118,116,412</b>	<b>32.91%</b>	<b>127,832,288</b>	<b>41.50%</b>

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 22% of the aid per FTE at the four year publics beginning in fiscal 1997, increasing by one percentage point to 25% by fiscal 2000.

J. J.  
L. J.

Prepared by Department of Fiscal Services, November, 1995.

FY 1997

22% Percent of Four Year Funding Per Student

**Community College Funding  
Distributed by 36% Fixed, 60% Marginal (Per FTE) and 4% Small Size Factor**

COLLEGES	Audited FY 1995 FTEs	36% Fixed Cost Adjustment	60% Marginal Cost Adjustment	4% Small Size Factor	Proposed FY 1997 State Aid (a)	Estimated FY 1997 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1997	Per FTE Current Law FY 1997
Allegany	1,677	1,278,932	1,481,072	578,416	3,338,420	3,056,605	9.22%	1,991	1,823
Anne Arundel	8,194	3,807,422	7,236,673	0	11,044,095	9,113,961	21.18%	1,348	1,112
Baltimore County	16,964	8,426,514	14,982,050	0	23,407,564	19,771,006	18.39%	1,380	1,165
Carroll	1,655	1,182,482	1,461,642	578,416	3,222,540	2,744,546	17.42%	1,947	1,658
Cecil	1,113	935,324	382,965	578,416	2,496,705	2,149,487	16.15%	2,243	1,931
Charles	3,517	1,584,189	3,106,099	0	4,690,288	3,882,796	20.80%	1,334	1,104
Chesapeake	1,414	1,044,393	1,248,799	578,416	2,841,608	2,383,215	19.23%	2,010	1,685
Frederick	2,453	1,238,262	2,166,409	0	3,404,672	2,946,166	15.56%	1,388	1,201
Garrett	592	707,254	522,835	578,416	1,808,505	1,737,536	4.08%	3,055	2,935
Hagerstown	1,914	1,279,941	1,690,392	578,416	3,548,739	3,138,812	13.06%	1,854	1,640
Harford	3,485	1,801,389	3,077,838	0	4,879,227	4,233,008	15.27%	1,400	1,215
Howard	3,612	1,755,125	3,190,000	0	4,945,125	4,199,250	17.76%	1,369	1,163
Montgomery	12,246	6,036,709	10,815,267	0	16,851,975	14,196,905	18.70%	1,376	1,159
Prince Georges	8,428	4,396,370	7,443,334	0	11,839,704	10,172,573	16.39%	1,405	1,207
Wor-Wic	1,504	996,883	1,328,284	578,416	2,903,582	2,384,686	21.76%	1,931	1,586
<b>TOTAL</b>	<b>68,768</b>	<b>36,440,189</b>	<b>60,733,649</b>	<b>4,048,910</b>	<b>101,222,748</b>	<b>86,110,553</b>	<b>17.55%</b>	<b>1,472</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

0      432,716  
101,222,748      86,543,269

Notes:

- (a) The total amount available in FY 1997 is based on the request for FY 1997 (\$86,533,252) plus an additional \$14.7 million. The \$4.7 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 22.0% of the aid per FTE at the four years.

22

**FY 1998**  
**23% Percent of Four Year Funding Per Student**  
**Community College Funding**  
**Distributed by 37% Fixed, 60% Marginal (Per FTE) and 3% Small Size Factor**

COLLEGES	Audited FY 1996 FTEs	37% Fixed Cost Adjustment	60% Marginal Cost Adjustment	3% Small Size Factor	Proposed FY 1998 State Aid (a)	Estimated FY 1998 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1998	Per FTE Current Law FY 1998
Allegany	1,583	1,327,316	1,482,357	486,158	3,275,830	3,082,680	6.27%	2,069	1,947
Anne Arundel	8,110	4,391,000	7,594,386	0	11,985,386	9,253,909	29.52%	1,478	1,141
Baltimore County	17,100	9,306,587	16,012,823	0	25,319,391	19,907,043	27.19%	1,481	1,164
Carroll	1,804	1,281,243	1,689,308	486,158	3,436,707	2,789,098	23.22%	1,905	1,546
Cecil	1,131	992,660	1,059,094	486,158	2,517,911	2,136,144	17.87%	2,226	1,889
Charles	3,500	1,884,803	3,277,478	0	5,142,281	4,012,499	28.16%	1,469	1,146
Chesapeake	1,383	1,129,789	1,295,072	486,158	2,891,019	2,388,419	21.04%	2,090	1,727
Frederick	2,534	1,353,657	2,372,894	0	3,728,551	3,016,448	23.54%	1,471	1,190
Garnett	650	719,040	808,675	486,158	1,793,872	1,825,167	-1.71%	2,760	2,808
Hagerstown	1,954	1,410,936	1,829,789	486,158	3,706,863	3,267,357	13.45%	1,897	1,672
Harford	3,546	1,939,922	3,320,554	0	5,260,476	4,277,828	22.97%	1,483	1,206
Howard	3,630	1,986,123	3,399,213	0	5,365,336	4,282,301	25.29%	1,478	1,180
Montgomery	12,782	6,700,144	11,969,351	0	18,869,495	14,465,525	29.06%	1,461	1,132
Prince George's	8,486	4,707,325	7,948,353	0	12,655,678	10,137,133	24.84%	1,491	1,194
Wor-Wic	1,498	1,154,430	1,402,761	486,158	3,023,348	2,428,544	24.49%	2,018	1,621
<b>TOTAL</b>	<b>69,693</b>	<b>40,244,954</b>	<b>65,262,088</b>	<b>3,263,104</b>	<b>108,770,148</b>	<b>87,270,097</b>	<b>24.64%</b>	<b>1,561</b>	<b>1,252</b>

Challenge Grants  
**TOTAL STATE AID**

0                    438,543  
**108,770,146**    **87,708,640**

Notes:

- (a) The total amount available in FY 1998 is based on the projections for FY 1998 (\$87.7 m) plus an additional \$21 million. The \$21 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 23% of the aid per FTE at the four year publics.

**FY 1999**  
**24% Percent of Four Year Funding Per Student**

**Community College Funding**  
**Distributed by 38% Fixed, 60% Marginal (Per FTE) and 2% Small Size Factor**

COLLEGES	Estimated FY 1997 FTES	38% Fixed Cost Adjustment	60% Marginal Cost Adjustment	Small Size Factor	Proposed FY 1999 State Aid (a)	Estimated FY 1999 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1999	Per FTE Current Law FY 1999
Allegany	1,589	1,351,778	1,588,713	337,475	3,275,987	3,120,613	4.98%	2,062	1,964
Anne Arundel	8,310	4,945,795	8,298,039	0	13,243,835	9,453,461	40.10%	1,594	1,138
Baltimore Count	17,207	10,448,101	17,182,233	0	27,630,335	20,108,825	37.40%	1,606	1,169
Carroll	1,876	1,418,165	1,873,300	337,475	3,628,940	2,858,941	26.93%	1,934	1,524
Cecil	1,184	1,039,022	1,182,296	337,475	2,558,793	2,156,008	18.68%	2,161	1,821
Charles	3,575	2,121,973	3,569,854	0	5,691,828	4,145,260	37.31%	1,592	1,160
Chesapeake	1,400	1,192,985	1,397,985	337,475	2,928,446	2,410,140	21.51%	2,092	1,722
Frederick	2,634	1,537,789	2,630,209	0	4,167,978	3,111,913	33.94%	1,582	1,181
Garrett	670	740,245	689,036	337,475	1,746,756	1,907,424	-8.42%	2,607	2,847
Hagerstown	1,970	1,529,645	1,967,165	337,475	3,834,285	3,382,383	13.36%	1,946	1,717
Harford	3,614	2,170,747	3,608,798	0	5,771,445	4,348,601	32.91%	1,599	1,203
Howard	3,752	2,214,017	3,746,600	0	5,960,617	4,398,697	35.51%	1,589	1,172
Montgomery	13,123	7,704,003	13,104,112	0	20,808,119	14,822,644	40.38%	1,586	1,130
Prince George'	8,525	5,222,393	8,512,730	0	13,735,123	10,159,283	35.20%	1,611	1,192
Wor-Wic	1,543	1,247,591	1,540,779	337,475	3,125,846	2,487,478	25.66%	2,026	1,612
<b>TOTAL</b>	<b>70,972</b>	<b>44,884,237</b>	<b>70,869,847</b>	<b>2,362,328</b>	<b>118,116,412</b>	<b>88,871,670</b>	<b>32.91%</b>	<b>1,664</b>	<b>1,252</b>
<b>Challenge Grants</b>								<b>446,591</b>	
<b>TOTAL STATE AID</b>								<b>89,318,261</b>	

## Notes:

- (a) The total amount available in FY 1999 is based on the projections for FY 1999 (\$89.3 m) plus an additional \$28.8 million. The \$28.8 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 24.0% of the aid per FTE at the public four years.

**FY 2000**  
**25% Percent of Four Year Funding Per Student**

**Community College Funding  
 Distributed by 39% Fixed, 60% Marginal (Per FTE) and 1% Small Size Factor**

COLLEGES	Estimated FY 1998 FTEs	39% Fixed Cost Adjustment	60% Marginal Cost Adjustment	Small Size Factor	Proposed FY 2000 State Aid (a)	Estimated FY 2000 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 2000	Per FTE Current Law FY 2000
Alegany	7,590	1,382,721	1,690,350	182,618	3,255,689	3,150,312	3.34%	2,048	1,981
Anne Arundel	8,457	5,589,960	8,990,750	0	14,580,710	9,634,336	51.34%	1,724	1,139
Baltimore County	17,345	11,662,217	18,439,702	0	30,101,919	20,274,671	48.47%	1,735	1,169
Carroll	1,951	1,531,704	2,074,134	182,618	3,788,455	2,934,515	29.10%	1,942	1,504
Cecil	1,209	1,080,016	1,285,304	182,618	2,547,937	2,179,681	16.89%	2,107	1,803
Charles	3,625	2,402,408	3,853,786	0	6,256,194	4,253,007	47.10%	1,726	1,173
Chesapeake	1,425	1,236,039	1,514,937	182,618	2,933,593	2,434,821	20.48%	2,059	1,709
Frederick	2,707	1,759,221	2,877,848	0	4,637,069	3,202,073	44.81%	1,713	1,183
Garrett	670	737,271	712,286	182,618	1,632,175	1,970,082	-17.15%	2,436	2,940
Hagerstown	2,010	1,618,376	2,136,856	182,618	3,937,851	3,480,232	13.15%	1,959	1,731
Harford	3,714	2,439,431	3,948,403	0	6,387,835	4,428,669	44.24%	1,720	1,192
Howard	3,877	2,515,858	4,121,691	0	6,637,549	4,519,883	46.85%	1,712	1,166
Montgomery	13,376	8,782,695	14,220,205	0	23,002,900	15,145,585	51.88%	1,720	1,132
Prince George's	8,600	5,797,323	9,142,775	0	14,940,098	10,187,699	46.65%	1,737	1,185
Wor-Wic	1,590	1,319,358	1,690,350	182,618	3,157,325	2,546,195	25.38%	2,008	1,601
<b>TOTAL</b>	<b>72,146</b>	<b>49,854,597</b>	<b>76,699,379</b>		<b>1,278,323</b>	<b>127,832,299</b>	<b>90,341,761</b>	<b>41.50%</b>	<b>1,772</b>
<b>Challenge Grants</b>								<b>453,979</b>	<b>1,252</b>
<b>TOTAL STATE AID</b>					<b>127,832,299</b>			<b>90,795,740</b>	

Notes:

- (a) The total amount available in FY 2000 is based on the projections for FY 2000 (\$90.8 m) plus an additional \$37 million. The \$37 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 25.0% of th aid per FTE at the four years.

27

26

## **E. Small-size Definition**

Current law defines a small sized college for formula distribution purposes as any college with an FTE enrollment less than or equal to 80 percent of the statewide median. Committee members recommend no changes be made to current law regarding the definition of a small sized college (see Appendix 6 for more details).

## **F. Maintenance of Effort**

Current law requires that local governments match the total dollar amounts they provided for their local community college the previous year. Committee members recommend no changes be made to the current maintenance of effort requirement (see Appendix 7 for a list of all the options considered by the committee).

## **G. Governor's Subcabinet on Statewide Workforce Training**

Committee members recommend the formation of the Governor's Subcabinet on Statewide Workforce Training. The subcabinet would promote economic development through statewide use of community colleges in workforce training and create a single point of contact for accessing community colleges. Membership should consist of the Secretaries from the Maryland Higher Education Commission; the Department of Business and Economic Development (DBED); the Department of Labor, Licensing and Regulation (DOLLAR); and the Department of Human Resources; as well as the Superintendent of the Maryland State Department of Education and a representative from the Maryland Association of Community Colleges. The subcabinet should be funded jointly by DBED and DOLLAR out of training contracts. Monthly or bi-weekly meetings would be held to create and implement a statewide business and industry training program (see Appendix 8 for more details on the Governor's subcabinet).

## **H. Including Community Colleges under Higher Education Funding**

Committee members recommend that funding for community colleges be considered as funding for higher education--rather than local aid--when developing the budget. This is related to the recommendation tying community college funding per FTE to prior year funding per FTE for the 4-year public institutions.

## **I. Baltimore City Community College**

Baltimore City Community College, unlike its sister schools, is a state agency with little reliance on local aid. Committee members recommend that the funding level and program offerings of Baltimore City Community College be closely examined by the administration. The administration should carefully consider the needs and mission of Baltimore City Community College while studying the issue of funding parity with other community colleges.

## **J. Adult Education**

Committee members recommend that the Maryland Higher Education Commission and the Maryland State Department of Education study and submit recommendations in time for

consideration during the 1997 legislative session as to whether adult education should be administered through and offered by the community colleges rather than by local boards of education at local high schools.

#### **K. Regional Incentives**

Committee members looked at incentives to promote regionalization among the colleges; however, no recommendations are being made on this issue at this time.

## Role of Community Colleges in Maryland

### Statutory Role of Community Colleges

#### Generally

In 1988, the Maryland General Assembly passed legislation, Chapter 246 of 1988, which reorganized higher education in the state and included a "Maryland Charter for Higher Education". The Charter was intended to be a statement of policy for higher education in Maryland and established in statute the following role for the state's community colleges:

- "(a) The community colleges of the state shall provide a diverse range of education services, with particular emphasis on community centered programs and programs that afford open access to persons with a variety of educational backgrounds. (Emphasis Added)
- (b) The community colleges of the state shall:
  - (1) Provide a core curriculum of general education, including courses in the arts and sciences, that should be available to all students;
  - (2) Provide lower level undergraduate courses, in accordance with credit transfer guidelines set by the Maryland Higher Education Commission, for students who aspire to continue their education at a senior institution;
  - (3) Provide technical and career education programs;
  - (4) Provide training in skills and fields of study of importance to the region's business community;
  - (5) Provide a wide variety of continuing education programs to benefit citizens of the community;
  - (6) Provide developmental and remedial education for citizens with needs in these areas; and
  - (7) Provide public services to the community's citizens."

In accordance with the role envisioned by the legislature, Maryland community colleges are comprehensive institutions serving their immediate communities and, in some cases, broader constituencies. These institutions offer a flexible, lower cost higher education alternative to accommodate the needs of a wide variety of students

and provide training and re-training services to business and industry in the region. Every community college in Maryland provides custom-designed and regularly scheduled programs for businesses, government agencies, and professional and labor organizations in their regions. These programs include specific fields of vocational, technical and apprenticeship training, quality management training for all levels of supervisors, retirement planning, basic skills training, and certification courses for many professional organizations and career areas.

Chapter 246 required the president of each public institution of higher education, including each community college, to develop a mission statement to be submitted to the institution's governing board. The governing boards are required to review and adopt the mission statement and then submit the statement to the Maryland Higher Education Commission. The Commission is required to review the mission statement and approve the statement as long as the statement is consistent with the Charter and statewide plan for higher education, will not result in the unreasonable duplication of academic programs, and will promote the efficient and effective use of the state's higher education resources.

### Baltimore City Community College

Although the role outlined above applies to all community colleges in Maryland, including Baltimore City Community College, the law also contains provisions that are unique to this institution. In the 1990 Session, the Maryland General Assembly passed legislation (Chapter 220 of 1990) that created the New Community College of Baltimore as a state-funded institution to replace the City-funded and governed Community College of Baltimore. The passage of this legislation was based on the conclusions of the Greater Baltimore Committee and others that the Community College of Baltimore was no longer able to meet the needs of the community and that a viable higher education system is essential to the City and the state's economic and social well-being. The legislation creating the New Community College of Baltimore contained a provision that would have required the institution to terminate after three years unless the General Assembly acted to continue it. Additionally, the 1990 legislation required the development of a comprehensive plan for the future organization and responsibilities of the New Community College of Baltimore.

In accordance with those requirements, at the end of 1991, the Maryland Higher Education Commission developed a comprehensive plan for the future of the New Community College of Baltimore. During the 1992 Session, the General Assembly passed legislation (Chapter 208 of 1992) that renamed the New Community College of Baltimore as the Baltimore City Community College and provided for its continuance as a public two-year institution of higher education. Chapter 208 also provided the Baltimore City Community College with auxiliary facilities bonding authority in the amount of \$15 million and required the City of Baltimore to be responsible for providing at least \$600,000 annually to support education at the

College. Of this amount, at least \$300,000 must be expended for tuition reimbursement and scholarships.

Chapter 220 of 1990 set forth the following findings and policies:

- "(1) Public higher education should be accessible to all those who seek and qualify for admission.
- (2) There is a need for an effective comprehensive urban community college in Baltimore City offering educational programs that will stimulate the participation of individuals, be responsive to the needs of the community, and afford open access to individuals with a variety of educational backgrounds.
- (3) Businesses in the Baltimore metropolitan area are undergoing an economic transition and need and must be ready to make extensive use of and provide financial support for an effective, well-managed urban institution to train and educate their employees and prospective employees in skills and fields of study of importance to the region's business community.
- (4) A partnership between the state and business community is essential to attain the requisite level of financial support to create and sustain a quality institution that is responsive to the technological and continuing education needs of businesses."

Additionally, Chapter 220 provided that the purpose of the College is to provide quality, accessible, and affordable education to the citizens of Baltimore in the areas of basic skills, technical and career education, continuing education, and the arts and sciences. The law also requires the College to provide the services and programs generally required of all community colleges in the state as set forth in the Maryland Charter for Higher Education, outlined above.

## **Organization and Governance of Community Colleges**

There are 18 community colleges in Maryland (Exhibit 1.1). There is a board of community college trustees in each county that has one or more community colleges. Each board of trustees is responsible for the exercise of general control over the community college, including the appointment of a president, the fixing of salaries and

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### Exhibit 1.1

#### Community College Boards

<b>Jurisdiction/ College</b>	<b>Number of Members</b>	<b>Appointed by Approved by</b>	<b>Term Length</b>	<b>Term Number</b>
Allegany County	7	Governor Senate	6 Years	No Limit
Anne Arundel County	8*	Governor Senate	6 Years	No Limit
Baltimore City	9*	Governor Senate	6 Years	2
Baltimore County	11	Governor Senate	6 Years	No Limit
Catonsville				
Essex				
Dundalk				
Carroll County	7	Governor Senate	6 Years	No Limit
Cecil County	7	Governor Senate	6 Years	No Limit
Charles County	7	Governor Senate	5 Years	2
Frederick County	7	Governor Senate	5 Years	2
Garrett County	7	Governor Senate	6 Years	No Limit
Harford County	9	(7) by Governor Senate	5 Years	2
Howard County	7	(2) by Board of Ed. Governor Senate	1 Year 6 Years	No Limit No Limit
Montgomery County	8*	Governor Senate	6 Years	No Limit
Prince George's County	8*	Governor Senate	5 Years	2
**Queen Anne's, et al. Chesapeake	10**	Governor House of Delegates	4 Years	No Limit
Washington County	7	Governor Senate	6 Years	No Limit
Hagerstown Junior				
***Worcester, et al. Wor-Wic	7***	Governor Senate	6 Years	No Limit

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- \* Board includes a student member who serves a 1-year term
  - \*\* Governor appoints 2 members from each of Caroline, Dorchester, Kent, Queen Anne's and Talbot Counties.
  - \*\*\* At present board has 3 members from Worcester County and 4 members from Wicomico County.

*Source: Department of Fiscal Services, February 1994*

tenure of the president, faculty, and other employees of the community college, and the acquisition and disposition of property. Subject to the minimum standards of the Maryland Higher Education Commission, each board of trustees may determine entrance requirements and approve offerings that consist of transfer programs, career programs, and continuing education programs. Each board of trustees may charge students reasonable tuition and fees set by it with a view to making college education available to all qualified individuals at low cost.

## **Coordination of Community Colleges**

Since July 1, 1992, the Maryland Higher Education Commission has been responsible for the statewide coordination of community colleges and for establishing general policies for their operation. Prior to July 1, 1992, the former State Board for Community Colleges was charged with this responsibility.

The 1991 legislation which transferred the responsibility for the coordination of community colleges to the Commission set forth the following duties and responsibilities:

### **"The Commission:**

- (1) May provide grants-in-aid for the planning of new community colleges and new programs in existing community colleges;
- (2) Shall administer programs of state support and financial assistance for the community college;
- (3) Shall assist and represent the community colleges in seeking and administering federal moneys available to them;
- (4) May designate any community college instructional program as a statewide or regional program;
- (5) Shall assure that courses and programs offered are within the scope of the mission of the community colleges;
- (6) Shall assure that state funds for community colleges are spent prudently and in accordance with state guidelines;
- (7) Shall provide centralized data processing assistance; and
- (8) Shall coordinate relationships between the community colleges, the state and county public school systems, and the private high schools to:

- (i) Facilitate cooperation among them in the guidance and admission of students to the community colleges; and
- (ii) Arrange for the most advantageous use of facilities."

# Evolution of the Community College Funding Formula

**August 1995**

## Department of Fiscal Services



## **Community College Establishment Dates**

<b><u>College</u></b>	<b><u>Date</u></b>
Hagerstown Junior College	1946
Montgomery College	1946
Catonsville Community College	1956
Essex Community College	1957
Frederick Community College	1957
Harford Community College	1957
Charles County Community College	1958
Prince George's Community College	1958
Allegany Community College	1961
Anne Arundel Community College	1961
Chesapeake College	1965
Garrett Community College	1966
Howard Community College	1966
Cecil Community College	1968
Dundalk Community College	1970
Wor-Wic Community College	1975
Baltimore City Community College	1992*
Carroll Community College	1993

\* Establishment date indicates the current operational structure of the college. The former Community College of Baltimore was established in 1947.

# **Evolution of the Community College Funding Formula**

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## **Flat Per Full-time Equivalent Student Grants**

The state began funding community colleges in 1946 when Hagerstown and Montgomery Community Colleges were established. State support began as a system of flat grants to each community college. From 1949 through the present, state aid has been distributed in accordance with a formula largely based on enrollment. The 1949 formula limited the maximum rate of state aid to \$100 per full-time equivalent student (FTE). Exhibit 1 below shows increases in the maximum rate per full-time equivalent student amount for most colleges by year of enactment.

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### **Exhibit 1**

1961 - \$175	1971 - \$700	1985 - \$980
1963 - \$225	1977 - \$800	
1965 - \$300	1980 - \$850	
1968 - \$400	1981 - \$878	
1969 - \$540	1984 - \$910	

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A separate formula was established for small and regional colleges in 1972. In 1972, state aid per FTE for community colleges with small enrollments (less than 500 FTEs), as well as regional colleges characterized by the same small enrollments, was raised from \$700 to \$875. The rationale for a higher aid rate for small and regional colleges was to help defray the fixed costs associated with a small college and to encourage counties to establish regional colleges. The 1972 change affected only Chesapeake and Garrett Community Colleges. In 1977, Wor-Wic Community College was brought into the regional aid classification, but at an aid level of \$1,250. In 1978, Cecil Community College was brought into the small college classification at \$1,485. Exhibit 2 below shows increases in the maximum rate per full-time equivalent student amount for small and regional colleges by year of enactment.

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### **Exhibit 2**

1973 - \$1,100	1981 - \$1,619
1975 - \$1,300	1984 - \$1,720
1977 - \$1,485	1985 - \$1,865
1980 - \$1,540	

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## Funding For Fixed Costs, Part-Time Students and Low Income Students

During the 1981 legislative session, the funding formula for community colleges was supplemented with a \$200,000 grant to each board (Cecil, Garrett, Chesapeake, and Wor-Wic were excluded from these new grants because their aid per FTE continued at a higher level) and an additional \$10 for each part-time credit student. The rationale for the flat grant was to help support the fixed operating costs of mid-size colleges. The idea behind the amount per part-time student was to help provide for the costs associated with increasing part-time student population.

During the 1984 legislative session, the General Assembly, acting upon the recommendations of the Governor, increased the aid per full-time equivalent student by \$32 (small and regional colleges by \$101), the annual flat grant by \$70,000, and the grant per part-time student by \$4.

In 1984 the Special Joint Subcommittee on Community College Financing, chaired by Delegate Rawlings, examined community college funding. The joint subcommittee recommended an increase in the formula and the addition of a low income student grant for each Pell Grant recipient served by the college. Legislation enacted in 1985 increased the aid rate per full-time equivalent student from \$910 to \$980 (small and regional colleges from \$1,720 to \$1,865), increased the annual flat grant from \$280,000 to \$350,000, and implemented a new low income student grant of \$115 per Pell Grant recipient. The grant per part-time student increased \$14. There were no further changes to the formula until it was completely revised in 1988.

## Further Modifications

In 1988, the legislature acting upon the recommendation of the Committee on the Future of Maryland Community Colleges (Blueprint for Quality), adopted a new funding formula for community colleges. The new formula eliminated the flat grant, the higher FTE grants for regional and small colleges, the Pell Grant, and the part-time student grant components of the previous funding formula. The new formula consisted of three components:

- (1) An amount per FTE student to address variable costs associated with enrollment changes. All colleges received the same amount per FTE.
- (2) An annual base grant to address the issue of institutional fixed costs and size. Smaller colleges received relatively more under this component than larger colleges. This component, therefore, substituted for the higher FTE grant for smaller colleges and the flat grant under the previous formula.
- (3) A supplemental grant to address equalization for poorer subdivisions (Allegany, Baltimore City, Cecil, Garrett and Hagerstown received aid under this component).

Although the Committee on the Future of Maryland Community Colleges recommended annual inflation adjustments, the formula did not include an inflation adjustment provision.

Legislation passed during the 1990 session resulted in Baltimore City Community College (BCCC) becoming a state agency, effective July 1, 1990 (fiscal 1991). BCCC is discussed later in the presentation.

## Current Funding Formula

In 1991, the legislature approved the current community college funding formula (See Appendix 1). The current formula took effect in fiscal 1993. The current community college funding formula distributes general funds on the basis of five factors: (1) fixed cost grant; (2) marginal cost grant; (3) a size factor; (4) a wealth factor; and (5) challenge grants. The full-time equivalent enrollment used in the calculation of the formula are audited FTEs in the fiscal year 2 years prior to the fiscal year for which the state share is calculated. The enrollment used in the fiscal 1996 formula calculation are audited fiscal 1994 FTE enrollment.

**Fixed Cost Grant** - 70% of total state aid is distributed based in proportion to each college's total formula aid (exclusive of challenge grants) in the previous year. For example, Allegany Community College received 3.5 percent of the fiscal 1995 direct grant of \$88.7 million. In fiscal 1996, Allegany Community College will receive 3.5 percent of the fiscal 1996 fixed cost allocation of \$61.7 million, or \$2.1 million.

**Marginal Cost Grant** - 27% of total state aid is distributed based on the total number of full-time equivalent students (FTE) at each community college. The fiscal 1996 rate per full-time equivalent student is \$339.8 (Marginal cost allocation of \$23,792,843 divided by FY 1994 FTEs of 70,021). Example: Allegany Community College's marginal cost allocation of \$570,057 is calculated by multiplying 1,678 FTEs by the rate per FTE of \$339.8.

**Size Factor** - 2% of total state aid is distributed on the basis of size. Colleges with FTE enrollment less than or equal to 80% of the statewide median receive 1.75% of the total formula, divided evenly among those which qualify. 80 percent of the statewide median FTE enrollment (2,492 FTE) used in calculating the fiscal 1996 "small size" allocation is 1,994 FTEs. In fiscal 1996, \$1.5 million will be divided evenly among Allegany, Carroll, Cecil, Chesapeake, Garrett, Hagerstown, and Wor-Wic Community Colleges. Each college receives \$220,304.

For colleges with FTE enrollments between 80% and 200% of the statewide median, 0.25% of the total formula aid is evenly distributed. 200 percent of the statewide median FTE (2,492 FTE) used in calculating the fiscal 1996 "medium size" allocation is 4,984 FTEs. In fiscal 1996, \$220,304 will be divided among Charles, Frederick, Harford, and Howard Community Colleges.

**Wealth Factor** - 0.5% of total state aid is distributed based on wealth. A county or region is eligible for a wealth factor component if the following criteria are met:

- (1) The county share for the previous fiscal year divided by the total assessed valuation of real property in the supporting county or region is greater than or equal to the statewide median; and
- (2) The per capita wealth of the supporting county or region is less than 80 percent of the statewide per capita wealth or the total assessed valuation of real property in the supporting county or region is less than \$1 billion.

In fiscal 1996, Allegany, Garrett, and Hagerstown Community Colleges will each receive \$146,869.

**Challenge Grants** - 0.5% of total state aid is distributed on a competitive basis to community colleges. The purpose of the challenge grant component is to address statewide initiatives and economic development needs. In fiscal 1995, challenge grants were awarded for initiatives related to distance education. Seven colleges received challenge grants in fiscal 1995.

### **State/Local/Student Share of Funding (Appendix 2)**

From the outset, the state, local political subdivisions, and students have shared the responsibility of funding community colleges. Until 1969, the general principle remained that the state, political subdivisions, and students should each contribute one-third of the costs in equal shares. In 1969, the respective theoretical shares were shifted to 45-30-25 percent. In 1971, the goal of 50-28-22 percent distribution from the state, the political subdivisions, and students was promulgated. In 1980, the state share was altered for small and regional colleges from 50 percent to 55 percent of the current expenses. The county share of current expenses for Cecil, Garrett and Chesapeake Community Colleges was increased from 30 to 32 percent in 1985. It should be noted, however, since the state funded a maximum amount per full-time student, the state aid goal was not met for most colleges.

The preamble of the 1991 legislation establishing the current funding formula included the following statement:

"It is the state's objective that by Fiscal Year 1996 the percentage of state support for the operating costs of community colleges, including state paid fringe benefits and challenge grants, shall be 46% of the community colleges' operating budget."

The 46 percent target was linked to the level of support provided four year colleges and universities in 1990. The administration's testimony in support of the bill included the assumption that the state would fund 40 percent of the operating costs in fiscal 1993 at a cost of \$19.3 million. The state would increase its share 2 percent

per year between fiscal years 1993 and 1996, reaching the 46 percent goal in fiscal year 1996. In fiscal year 1996, the state share is at 28 percent.

There are maintenance of effort requirements that the state and local governments must adhere to with regard to the funding of community colleges. Statute states that "the total operating fund per full-time equivalent student to the community colleges for each fiscal year as requested by the Governor shall be not less than an amount equal to the total state operating fund per full-time equivalent student in the previous fiscal year".

By statute, in order for a board to receive an increase in the state share of support, each county that supports the community college or colleges must provide operating fund appropriations to the board in an amount not less than the county provided in the previous fiscal year. This maintenance of effort requirement was waived during the state's fiscal crisis (Fiscal 1992 - 1994).

As indicated in the administration's 1991 testimony, reducing the students' share of the cost was a central goal of the legislation. Unfortunately, state cost containment actions in fiscal 1991 (\$5.8 million), fiscal 1992 (\$28.8 million), and fiscal 1993 (\$8 million), due to the fiscal crisis led to significant increases in tuition with a decline in the state share of support ( See Appendix 3). Tuition and fees have increased from approximately 34 percent of the total system wide budget in fiscal year 1992 to 36 percent in fiscal year 1996.

## Other Forms of State Support

In addition to state funding through the formula, the state provides support for teachers' retirement, capital improvement projects, interstate and regional tuition agreements, and statewide programs. In fiscal 1996, the state will provide \$23.8 million for teachers' retirement contributions, \$20.4 million in general obligation bond and "PAYGO" funding for capital improvement projects, \$180,000 for interstate and regional tuition agreements, and \$416,000 for statewide programs.

**Teachers' Retirement** - Up until fiscal 1994, the state provided funds for teachers' retirement and social security contribution payments. Beginning in fiscal 1994, the colleges or local governments assumed responsibility for payment of social security contributions. This action resulted in the shifting of approximately \$8 million in costs to the colleges.

**Capital Improvement Program** - The state shares the cost of capital improvement projects with local governments. The state provides at least 50 percent of a project's total cost. The state share is dependent on the wealth of the county. In recent years, the state general obligation bond appropriation for community college capital improvement projects has increased from a level of \$7.8 million in fiscal 1992 to \$24.7 million in fiscal 1995; an increase of 217 percent. In fiscal year 1996, a

total of \$20.4 million is provided for capital improvement projects (\$16,350,000 in general obligation bonds and \$4 million in "PAYGO" funding).

**Somerset Grant** - The state provides funds for Somerset County residents to attend Wor-Wic Community College at in-county tuition rates. The state pays 50 percent of the applicable out-of-county fee, provided that Somerset County pays the other 50 percent. \$90,000 is budgeted for this program in fiscal 1996.

**West Virginia/Garrett Agreement** - Garrett Community College has a reciprocity agreement with West Virginia. Under this program, the state is required to pay to Garrett Community College an amount equal to the formula state support per FTE for each West Virginia FTE at the College under the reciprocity agreement. \$90,000 is budgeted for this program in fiscal 1996.

**Statewide Program** - Under this program, state residents enrolled in community college instructional programs designated by the commission as a health manpower shortage program or a statewide or regional program pay only in-county tuition and fees. The state pays the differential between this amount and any applicable out-of-county tuition and fees. \$416,000 is budgeted for this program in fiscal 1996.

## **Baltimore City Community College (BCCC)**

### **Historical Data**

Due to legislation passed during the 1990 session, BCCC became a state agency effective July 1, 1990. The legislation abolished the Community College of Baltimore and created the state controlled BCCC for a period of at least three years.

The state take-over of BCCC was predicated by management inefficiencies, ineffective resource allocation, a lack of quality in teaching and a curriculum that did not meet the current needs of the student body.

BCCC's newly approved mission emphasized a curriculum focusing on career programs, built upon a foundation in liberal arts and the sciences. Specifically emphasized were programs in nursing, computer information systems and human services.

Currently, BCCC continues to operate on two Baltimore City campuses at Liberty and the Inner Harbor. The college's administrative and academic control differs from others in the state due to the fact that no local funding is provided to the college. Beginning in FY 1992, the college's operating and capital budgeting process became similar to the state's public four-year higher education institutions, as indicated by funding trends in Exhibit 3. The exhibit indicates that state general funds continue to comprise the majority of the college's funding from FY 1991 through FY 1996. However, both restricted funds and unrestricted funds have continued to increase on an average basis during the same time period.

Restricted funds consist of federal, state and local contracts and grants, as well as endowment income and sales and services of educational products. Unrestricted funds consist of tuition and fees, and sales and services of auxiliary enterprises such as cafeteria and bookstore sales.

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### Exhibit 3

#### Baltimore City Community College - Revenues by Source Fiscal Years 1992 - 1996

	FY 1992 Actual	FY 1993 Actual	FY 1994 Actual	FY 1995 Actual	FY 1996 Approp.
Current Unrestricted Funds	7,627,965	8,705,764	7,683,922	11,739,910	9,319,444
State General	15,106,231	15,988,943	15,692,726	16,646,288	16,591,279
Subtotal	22,734,196	24,694,707	23,376,648	28,386,198	25,910,723
Restricted Funds	6,636,933	10,326,359	7,500,404	10,587,910	14,150,517
Total Funds	29,371,129	35,021,066	30,877,052	38,974,108	40,061,240
Cap. Approp	1,924,000	445,000	0	872,000	15,553,000
FTE	5,974	6,261,	5,537	5,705	5,835

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BCCC's current curriculum serves students seeking associate degrees in technical and transfer programs, plus customized training for business and industry. The curriculum includes specialties in health care, human services and business programs, in addition to life sciences programs.

BCCC's FY 1996 operating budget is \$40.1 million. The state contributes 64% of current unrestricted funds. The FY 1996 capital program includes funds of \$15.6 million related to the construction of a new Life Sciences Building. The college is authorized 396 positions, including 118 full-time faculty.

### Joint Legislative Workgroup on Community College Financing

During 1994, the Joint Legislative Workgroup on Community College Financing met to evaluate and consider changes to the community college funding formula and to examine the state's responsibility to adequately fund Baltimore City

Community College. In light of a myriad of options presented to the workgroup and insufficient time to carefully consider each option, the workgroup recommended the implementation of 3 interim measures. The workgroup recommended that any additional money available to community colleges over and above the statutory formula in fiscal year 1996 be distributed on a priority basis as follows:

1. Fund a hold harmless provision, so that no institution receives less money than it received in the previous year.
2. Fully fund "statewide programs." These programs give in-county tuition and fees to out-of-county students for high-cost academic programs and programs in allied health fields with labor shortages.
3. Any remaining funds should be distributed to colleges on a full-time equivalent student basis.

None of the recommendations of the Joint Legislative Workgroup on Community College Financing were implemented. The Governor did include an additional \$5 million for community colleges; however, the funds are to be used to fund one-time instructional and research equipment grants to the community colleges. The distribution of funding is found in exhibit 4.

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#### Exhibit 4

**Community College  
Distribution of \$5 Million for  
One-Time Instructional and Research Equipment Grant  
Based on Formula Distribution**

<b>Colleges</b>	<b>Audited FY 1994 FTES</b>	<b>Formula Option</b>
Allegany	1,677.65	\$175,483
Anne Arundel	8,168.27	522,421
Baltimore County	17,333.50	1,156,074
Carroll	1,713.65	162,250
Cecil	1,112.80	128,336
Charles	3,380.79	217,369
Chesapeake	1,377.49	139,186
Frederick	2,491.93	169,904
Garrett	537.30	97,043
Hagerstown	1,963.55	175,622
Harford	3,581.12	247,170
Howard	3,538.21	240,823
Montgomery	12,645.12	828,303
Prince George's	9,029.52	603,231
Wor-Wic	1,470.27	136,785

Catonsville	7,821.06	\$514,050
Dundalk	2,686.45	187,423
Essex	6,825.99	\$454,601

*Source: Maryland Higher Education Commission*

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#### **1995 Session Developments**

During the 1995 Session, several bills concerning community colleges were introduced. A summary of these bills follows:

**HB 696:** This bill would have implemented the recommendations of the Joint Legislative Workgroup on Community College Financing. This bill died in committee.

- HB 897:** This bill would have placed in statute a hold harmless for all community colleges for fiscal years 1996 and 1997 only. This bill passed both chambers but was vetoed by the Governor.
- HB 943:** This bill, referred to as the "level playing field" bill, would have based community college aid on state general fund support per student for the public higher education institutions. This bill died in committee.
- HB 1054:** This bill requires the state to make grants to all community colleges (including Baltimore City Community College) that provide instruction and services to students enrolled in an English for Speakers of Other Languages (ESOL) program. The grant can be up to \$800 per student, with a \$1 million appropriation cap (\$200,000 for BCCC). This bill was signed by the Governor (Chapter 434 of the Acts of 1995).

**Appendix 1**

**FY 1996 COMMUNITY COLLEGE AID FORMULA CALCULATION AND OTHER SUPPORT**

COLLEGES	Audited FY 1994 FTES	Fixed Cost Adjustment	Marginal Cost Adjustment	Medium Size Factor	Small Size Factor	Wealth Factor	Estimated FY 1996 State Aid	Aid per FTE
Allegany	1,678	\$2,140,089	\$570,057	\$220,304	\$146,869	\$3,077,319	\$1,834	
Anne Arundel	8,168	6,385,742	2,775,537			9,161,279	\$1,122	
Baltimore County (a)	17,334	14,383,322	5,889,837			20,273,159	\$1,170	
Carroll	1,714	2,042,651	582,290	220,304		2,845,245	\$1,660	
Cecil	1,113	1,652,114	378,124	220,304		2,250,542	\$2,022	
Charles (b)	3,381	2,607,965	1,148,776	55,076	220,304	3,811,817	\$1,127	
Chesapeake (c)	1,377	1,752,427	468,064			2,440,795	\$1,772	
Frederick	2,492	2,077,640	846,745	55,076		2,979,461	\$1,196	
Garrett	537	1,152,024	182,572	220,304	146,869	1,701,769	\$3,167	
Hagerstown	1,864	2,045,368	667,204	220,304	146,869	3,079,745	\$1,568	
Hartford	3,581	3,062,512	1,216,847	55,076		4,334,435	\$1,210	
Howard	3,538	2,965,774	1,202,266	55,076		4,223,116	\$1,194	
Montgomery	12,645	10,228,556	4,296,749			14,525,305	\$1,149	
Prince George's	9,030	7,510,197	3,068,186			10,578,383	\$1,172	
Wor-Wic (d)	1,470	1,678,768	499,590	220,304		2,398,662	\$1,631	
Undistributed retirement contr. (e)								
<b>TOTAL</b>	<b>70,021</b>	<b>81,685,149</b>	<b>23,792,843</b>	<b>220,304</b>	<b>1,542,129</b>	<b>440,608</b>	<b>87,681,034</b>	
				Challenge Grants		440,608		
				Total Formula Aid		88,121,642		
				Total Fringe Aid		24,937,144		
				Equipment Grants		5,000,000		
				West Virginia Residents		90,000		
				Statewide & Regional		506,000		
				Total,		<b>\$118,654,786</b>		

**NOTES:**

- (a) Baltimore County consists of Catonsville, Dundalk, and Essex campuses.
- (b) Charles serves Charles, Calvert, and St. Mary's counties.
- (c) Chesapeake serves Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties.
- (d) Wor-Wic serves Somerset, Wicomico and Worcester counties.

Source: Department of Fiscal Services, August 1995.

45

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**Appendix 2**

**CURRENT UNRESTRICTED REVENUES BY SOURCE  
MARYLAND COMMUNITY COLLEGES  
FISCAL YEARS 1992-1996**

Source	FY 1992 Actual	% of Total	FY 1993 Actual	% of Total	FY 1994 Actual	% of Total	FY 1995 Estimated	% of Total	FY 1996 Estimated	% of Total
<b>State Share:</b>										
State Aid	66,278,070	83.320,414	87,427,065	88,749,831	87,681,034					
Benefits	19,812,481	29,286,315	20,698,041	21,349,535	23,837,144					
<b>Total</b>	<b>86,090,551</b>	<b>26.8%</b>	<b>112,588,729</b>	<b>31.3%</b>	<b>108,125,106</b>	<b>29.5%</b>	<b>110,099,366</b>	<b>28.3%</b>	<b>111,518,178</b>	<b>27.9%</b>
<b>Local Share</b>										
Tuition/Fees	118,871,244	37.0%	109,938,197	30.6%	121,434,960	33.1%	132,188,846	33.9%	136,445,399	34.1%
Other	110,169,878	34.3%	130,670,112	36.4%	130,340,906	35.6%	139,274,707	35.8%	143,634,217	35.9%
Systemwide	6,391,470	2.0%	6,166,421	1.7%	6,554,418	1.8%	7,803,907	2.0%	8,813,223	2.2%
<b>FTE</b>	<b>321,523,143</b>	<b>100.0%</b>	<b>359,383,459</b>	<b>100.0%</b>	<b>366,455,390</b>	<b>100.0%</b>	<b>389,366,826</b>	<b>100.0%</b>	<b>400,411,067</b>	<b>100.0%</b>

Notes:

- (1) Beginning in fiscal 1991, Baltimore City Community College is not included in the formula.
- (2) Beginning in fiscal 1994, local governments are responsible for social security contribution payments.

Source: Maryland Higher Education Commission, Baltimore City Community College, MACC.

52

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**Appendix 3A**

**Community Colleges**  
**Tuition and Required Fees Per Credit Hour for Resident of Service Area**  
**Fiscal Years 1990 - 1996**

College	Fiscal Year					% change	
	1990	1991	1992	1993	1994	1995	1996
Allegany	39.83	44.97	50.97	51.00	62.17	67.17	72.17
Anne Arundel	38.40	43.40	44.00	57.33	58.73	62.73	62.73
Baltimore	37.67	37.67	37.75	40.00	44.08	50.00	55.00
Carroll	N/A	N/A	N/A	N/A	49.93	49.93	N/A
Catonsville	36.00	36.00	39.00	47.27	51.93	56.27	60.27
Cecil	33.00	35.00	39.00	45.00	53.00	55.00	62.00
Charles (1)	41.20	44.26	48.40	55.67	56.33	63.33	66.33
Chesapeake (2)	26.93	37.13	40.35	50.00	50.00	56.43	60.17
Dundalk	36.07	36.00	38.47	47.27	51.93	56.27	60.27
Essex	36.00	36.00	38.47	47.27	51.93	56.27	60.27
Frederick	42.25	46.75	51.25	61.25	66.73	65.50	71.25
Garrett	30.00	34.00	38.00	49.00	54.00	58.00	63.00
Hagerstown	39.00	42.00	47.00	57.00	63.67	64.67	67.67
Harford	37.80	41.00	43.00	61.60	61.60	61.60	62.60
Howard	48.40	48.40	51.70	63.80	72.60	78.10	80.30
Montgomery	46.20	48.40	51.70	52.20	63.70	64.41	69.93
Prince George's	\$0.00	53.00	58.00	71.00	71.00	81.33	86.33
Wor-Wic (3)	34.40	34.67	39.67	50.00	53.67	53.67	53.67
Wicomico County							58.67

Notes:

- (1) Charles Community College serves Charles, St. Mary's and Calvert Counties.
- (2) Chesapeake Community College serves Caroline, Dorchester, Kent, Queen Anne's and Talbot Counties.
- (3) Wor-Wic Community College serves Somerset, Worcester and Wicomico Counties.

Source: Maryland Association of Community Colleges Databooks

## Appendix 3B

## Community Colleges

**Tuition and Required Fees Per Credit Hour for Resident Outside of Service Area**  
**Fiscal Years 1990 - 1996**

College	Fiscal Year						% change FY 1990 - FY 1996	
	1990	1991	1992	1993	1994	1995		
Allegany	\$7.83	62.97	68.97	69.00	80.17	85.17	91.17	57.7%
Anne Arundel	75.40	85.40	88.00	100.00	102.73	110.73	110.73	46.9%
Baltimore	72.67	37.67	37.75	40.00	44.08	50.00	55.00	-24.3%
Carroll	N/A	N/A	N/A	N/A	92.93	92.93	102.00	N/A
Catonsville	60.33	60.33	74.00	86.00	94.93	99.27	103.27	71.2%
Cecil	64.00	68.00	76.00	88.00	106.00	111.00	119.00	85.9%
Charles (1)	81.20	86.26	92.40	105.67	108.33	121.33	127.33	56.8%
Chesapeake (2)	60.60	83.46	90.00	115.00	115.00	128.10	120.50	98.8%
Dundalk	60.40	60.33	70.00	86.00	94.93	99.27	103.27	71.0%
Essex	60.33	60.33	70.00	86.00	94.93	99.27	103.27	71.2%
Frederick	80.25	88.75	97.25	116.25	126.77	127.50	135.25	68.5%
Garrett	\$0.00	50.00	56.00	67.00	72.00	76.00	81.00	62.0%
Hagerstown	63.00	66.00	71.00	81.00	88.67	90.67	93.67	48.7%
Harford	71.80	75.00	77.00	99.00	99.00	99.00	96.60	34.5%
Howard	77.00	77.00	77.00	101.20	118.80	124.30	124.30	61.4%
Montgomery	86.90	91.30	97.90	108.90	120.90	123.17	133.21	53.3%
Prince George's	113.00	116.00	121.00	134.00	134.00	144.33	149.33	32.2%
Wor-Wic (3)	79.40	79.67	91.67	117.00	124.67	124.67	131.67	65.8%

## Notes:

- (1) Charles Community College serves Charles, St. Mary's and Calvert Counties.
- (2) Chesapeake Community College serves Caroline, Dorchester, Kent, Queen Anne's and Talbot Counties.
- (3) Wor-Wic Community College serves Somerset, Worcester and Wicomico Counties.

Source: Maryland Association of Community Colleges Databooks

## Appendix 3C

**Community Colleges**  
**Tuition and Required Fees Per Credit Hour for Out-of-State Residents**  
**Fiscal Years 1990 - 1996**

College	Fiscal Year						% change FY 1990 - FY 1996
	1990	1991	1992	1993	1994	1995	
Allegany	89.93	94.97	100.97	94.00	105.17	110.17	118.17 31.4%
Anne Arundel	149.40	169.40	176.00	188.00	190.73	206.73	206.73 38.4%
Baltimore	107.67	107.67	107.75	110.00	146.08	128.00	178.00 65.3%
Carroll	N/A	N/A	N/A	N/A	152.93	152.93	N/A
Catonsville	112.40	112.40	123.00	138.53	154.93	159.27	163.27 45.3%
Cecil	95.00	101.00	113.00	129.00	141.00	146.00	154.00 62.1%
Charles (1)	121.20	128.26	136.40	155.67	160.33	179.33	188.33 55.4%
Chesapeake (2)	113.40	158.46	160.00	210.00	210.00	233.10	178.50 57.4%
Dundalk	112.47	112.40	112.87	138.53	154.93	159.27	163.27 45.2%
Essex	112.40	112.40	112.87	138.53	154.93	159.27	163.27 45.3%
Frederick	156.25	172.75	189.25	199.25	199.77	196.50	200.25 28.2%
Garrett	102.00	102.00	104.00	117.00	122.00	126.00	131.00 28.4%
Hagerstown	88.00	91.00	95.00	106.00	119.67	117.67	120.67 37.1%
Harford	114.80	118.00	120.00	146.30	146.30	146.30	139.60 21.6%
Howard	118.80	154.00	154.00	154.00	154.00	154.00	157.30 32.4%
Montgomery	118.80	125.40	135.30	151.80	169.30	172.89	187.45 57.8%
Prince George's	194.00	197.00	202.00	215.00	215.00	225.33	230.33 18.7%
Wor-Wic (3)	145.50	145.67	145.67	145.00	145.67	145.67	150.67 3.6%

## Notes:

- (1) Charles Community College serves Charles, St. Mary's and Calvert Counties.
- (2) Chesapeake Community College serves Caroline, Dorchester, Kent, Queen Anne's and Talbot Counties.
- (3) Wor-Wic Community College serves Somerset, Worcester and Wicomico Counties.

Source: Maryland Association of Community Colleges Databooks

# Community College Funding Overview: A National Comparison

**August 1995**

## Department of Fiscal Services



# **Community College Funding Overview: A National Comparison**

## **Introduction**

Unlike primary, secondary and four year higher education funding, few national studies exist in the area of community college funding. This paper examines the limited available data on states' community college system size, funding methodologies and revenue sources (a state by state profile is attached as Appendix 1).

Most of the information in this report came from a document entitled *Forty-Nine State Systems, 1992 Edition*, which is published by the American Association of Community Colleges (AACC), and *An Analysis of Formula Funding Differentiation Between Comprehensive Community Colleges and the Lower Divisions of Senior Institutions* edited by the South Carolina State Board for Technical and Comprehensive Education.

## **Community College System Size - Maryland Falls in the Middle**

Every state but South Dakota has at least one community college. They range in size from Delaware's one community college (with 4 branch campuses) to California's 107 community colleges. Maryland joins 21 other states that have between 10 and 20 community colleges. Sixteen states, or 32.7% of the total, have fewer than 10 community colleges, while 11 states offer classes at more than 20 community colleges statewide. Not surprisingly, states like California, Illinois, Michigan, New York and Texas, which have both large populations and geographical areas, have the greatest number of colleges.

## **Funding Methodologies Vary Across States**

The states use different funding models to distribute aid to the community colleges. These models include the state budget process, a unit rate model (often cost per full time equivalent student), and a base plus increment funding methodology, as well as other unique approaches.

## **State Budget Process is Used by States Which Rely on Little or No Local Assistance**

This model involves budget negotiations between the community colleges, the executive branch and the legislature. Budget requests are based on actual program costs. The state usually provides the majority of funds, though student tuition and fees, as well as special funds, are sources of revenue. Connecticut, Delaware, Hawaii, Maine, Montana, New Hampshire, and Vermont use this funding methodology. While revenue sources were not available for three of these states, Hawaii, Maine, New Hampshire and Vermont do not rely on local funding sources to support their community colleges. This funding model applies to one of Maryland's community colleges, Baltimore City Community College.

## **A Unit Rate Model is Used by 18 States**

This model provides a rate of support based on units of production, such as cost per full time equivalent (FTE) student or cost per credit hour by program. Maryland relied entirely on this funding methodology from 1949 until 1982. Under this system, different rates for instructional categories are sometimes used. Eighteen states currently fund their community colleges on an unit rate basis. Of these states, nine have different rates by instructional category (this information was unavailable for the remaining nine states). Some states use higher rates for health or vocational programs. New York provides supplemental aid for business and technical students, while Alabama provides additional funding for students in health related fields.

## **Base Plus Increment(s) Funding is Favored by 14 States**

Some community college systems provide a base level of funding and then add "increments" - inflation factors, enrollment factors, productivity factors, maintenance costs, college size factors or special program costs, for example. The "base" of this funding may reflect fixed costs, past budgets, a fixed proportion of total funds, or past enrollment, and appears to be a relatively stable source of revenue for the colleges from one year to the next. Fourteen states, including Maryland, use some form of this model. Under Maryland's formula, 70% of a community college's total state aid is allocated in the proportion as was received in the prior year, while the remaining funds are distributed according to a cost per FTE factor, a college size factor, a wealth factor, and challenge grants.

The "base plus increment" model varies from states to state. In 1995, Arkansas moved to a base (using past enrollment) plus incremental funding for inflation, productivity, special programs, and maintenance. A state official in Arkansas indicated that the legislature will probably add an FTE factor this legislative

session, to recognize major enrollment gains or losses. Colorado recently changed its formula to a base plus funding for five different categories set by the legislature each year. Oregon allocates its funding for community colleges on a 49% adjustable base, with the remaining 51% allocated by cost per FTE.

## **Other Funding Methodologies**

Some states do not fit neatly into a funding category. Missouri provides its community colleges with flat grants based on programs, workforce preparation, performance and inflation. Rhode Island bases its funding methodology on the historical proportion of the community colleges in the total budget for higher education (around 23%). Massachusetts funds its community colleges using factors such as faculty-student ratios, physical plant needs, and enrollment. Seven states did not provide enough information to adequately label their funding methodologies. Some are in the midst of change; for example, Georgia is revising its funding methodology and expects to move from a block appropriation to costs by discipline, while appropriations to all of Minnesota's higher education institutions will be 35% fixed cost, 63% variable, and 2% reward-based.

## **Maryland Appears To Be the Only State That Includes a Wealth Component in Its Funding Formula**

An examination of the available information on community college funding (see Appendix 1) shows only one state with a wealth factor in its funding formula - Maryland. While the descriptions of the funding formulas are limited, they do include mention of such factors like inflation and maintenance, so usage of a wealth factor appears limited. One of the editors of 49 State Systems does note that states can equalize funding among jurisdictions indirectly through state aid. The more state aid a community college receives, the less reliant it becomes on local contributions and a local jurisdiction's ability to raise local revenue for community colleges.

## **Performance/Productivity Measures Are Gaining Popularity as States Revise Formulas**

In recent years, several states have included performance and productivity measures in their revised formulas. Examples of these measures include graduations rates, grade point averages, and job placement success. Missouri, Arkansas and Minnesota have adopted such measures within the last few years.

## **Sources of Revenue - Maryland Relies on Tuition and Local Contributions More Than Most States**

Sources of funding for community colleges vary widely by states. As Appendix 1 shows, some states rely almost solely on state appropriations (for example, Hawaii), while other states utilize combinations of state assistance, tuition and fees, and local aid. Federal funds may comprise from 4% (Iowa) to 16 percent (Alabama) of a community college systems' total revenue sources.

Maryland relies on a combination of revenue sources, with 30% of its revenue from state appropriations, 35% from tuition and fees, 33% from local sources, and 2% from "other" in fiscal year 1994. The state appropriation and local share have declined since FY 1991, from 33% to 30%, and 37% to 33% respectively, while tuition and fees increased from 29% of total revenue in FY 1991 to 35% in FY 1994. Compared to the other states that provided data on their sources of revenue for community colleges, Maryland tends to rely more on local aid and tuition than most states.

It is important to note that the reports used to provide revenue information precede the national recession of the early 1990s, and many states may have subsequently increased their tuition and cut state aid, following Maryland's example.

## **Maryland Relies Less on State Appropriations Than Most States**

Of the 29 states that provided information on their FY 1991 state appropriation as a percent of the total budget (see Appendix 1), 31 percent, or 9 states, relied on state appropriations for at least 60 percent of their community college budget. Fourteen state community college systems (48% of the total respondents) saw state appropriations make up 40-60% of their budget, while only 6 of the 29 states responding relied on state aid for less than half their budgets. Maryland was one of those states, and fits in this category regardless of whether FY 1991 or FY 1994 data is used.

## **A Majority of State Community College Systems Rely on Tuition and Fees for Less Than a Third of Their Total Funding**

Of the 27 states that provided data on FY 1991 tuition and fee collections as a percent of total revenue, 12 states, or 44% of the respondents relied on tuition for less than 20% of their total funding. A third of the states relied on tuition for 20-30% of their revenue, while 4 states expect tuition to make up 30-40% of their total allocation to community colleges. Only two states, New Hampshire and Vermont, realize more than 40% of the revenue from tuition. Neither of these two state systems

receive any local funding. Using current FY 1994 data Maryland ranks high on tuition, using it for 35% of total revenues (note: In FY 1991, Maryland relied on tuition for 29% of revenues).

### **Few States Expect More Than a Third of Their Funding To Come From Local Contributions**

Twenty-six states responded to a request for information on local contributions as a percent of total revenue. Nine of the states had no local contribution. Half of the states relied on local sources for up to 30% of their revenue, while four states, including Maryland, rely on local contributions for more than 30% of their total funding for community colleges.

### **Summary**

Compared to all states' community college systems, Maryland falls near the median in system size. While a unit cost funding formula is the favored methodology of 18 states, Maryland joins 14 other states that chose a "base plus increment" funding methodology (note: a wide variety of approaches to funding exist within this model). Given the available data, Maryland appears to be the only state that includes a wealth factor in its formula. Maryland also relies more heavily than most states on local aid and tuition as sources of revenue for its community colleges, and its state appropriation as a percent of total funding is smaller than that of most states.

## Community College Funding - All States<sup>1</sup>

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Alabama	90,031	38	The funding model is based on cost per Full Time Equivalent (FTE) with additional funding for health programs.	State Approp. 52% Tuition and fees 22% Auxiliary Rev. 5% Fed'l Funds 16% Other 5%
Alaska	N/A (7344 in 1985)	1 (plus 2 year programs at univ.)	Each campus has a base level of funding by program based on previous years' costs. Individual campuses receive increment or decrements based on "need."	State Approp. 56% Tuition and fees 5% Auxiliary Rev. 18% Local Support 21%
Arizona	N/A	16 (30 campuses)	Community college funding is based on the prior year appropriation. <sup>2</sup> Adjusted for enrollment and an inflation factor. <sup>2</sup>	State Approp. 20% Tuition and fees 12% Local Support 46% Cash Balance 13% Other 9%

<sup>1</sup>The data on Enrolled Students, System Size and Sources of Revenue is based on FY 1991 reporting. Funding Methodology is current as of June 1994. Sources for this data table are: 1) Tollefson, Terence and Fountain, Ben (eds.), Forty-Nine State Systems, 1992 Edition. Washington, D.C.: American Association of Community Colleges, 1992 and 2) South Carolina State Board for Technical and Comprehensive Education, An Analysis of Formula Funding Differentiation Between Comprehensive Community Colleges and the Lower Divisions of Senior Institutions, 1994.

<sup>2</sup>Information on Arizona's funding methodology is based on a phone conversation that took place on August 23, 1995 with staff from the Arizona State Board of Directors for Community Colleges.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Arkansas	19,215 (12,419 FTEs)	9 (plus 3 two year branches of university)	Prior to 1995, funds were allocated on a cost per FTE basis. In 1995 the higher education community moved to base funding, plus factors for inflation, productivity, special programs, and maintenance. <sup>3</sup>	N/A
California	1.41 million	107	The funding methodology for California community colleges is based on a "base plus incremental cost" model. The base revenue is the prior year funding. Incremental factors include a COLA, program improvements, and enrollment growth.	State Approp. Tuition and fees Fed'l Funds Local Sources
Colorado	68,526 (40,292 FTEs)	11(system also inclns. 7 votechs)	The Colorado community college system uses a base plus incremental cost funding model. Each year the Colorado legislature decides which 5 incremental costs will be funded on top of the base. <sup>4</sup>	N/A
Connecticut	43,788	17	Each institution submits a current services request which is defined as last year's actual cost plus additional dollars required to provide the same level of services this year. Special requests (i.e., for new programs) become "above current services requests."	Tuition and fees Additional information is unavailable
Delaware	N/A	1 (4 campuses)	The college submits a budget request to the state budget director based on present and proposed programs. Technical courses are not funded differently from other courses/programs.	N/A (Note: quarterly tuition could not exceed \$348 for the 92-93 school year)

<sup>3</sup>Information based on a phone conversation with staff at the Arkansas Dept. of Higher Education on August 21, 1995.

<sup>4</sup>Information based on a phone conversation with staff at the Colorado Community College and Occupational Education System on August 22, 1995.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Florida	N/A (64,362 FTEs)	28	Funding is based on direct instructional costs per FTE with adjustments for inflationary increases. The formula for the request for funds for new enrollment is a "full-cost" model based on prior year cost per FTE with adjustments for academic support costs.	State Approp. Tuition and fees Other 69% 22% 9%
Georgia	35,709 (25,599 FTEs)	15	Georgia is revising its funding methodology and expects to go from block appropriation to costs by discipline.	State Approp. Tuition, fees, gifts and other 75% 25%
Hawaii	21,000 (plus 20,000 in non- credit)	7	Each campus budget is submitted via the administration of the University of Hawaii and its board of regents to the governor and ultimately to the legislature. There is no guarantee that the current service base will increase annually.	Bulk of funding comes from state appropriation.
Idaho	7,500	2	Programs are funded on a base allocation plus an annual "maintenance" increment to cover costs for maintaining the program at current levels. New programs are considered "above maintenance" requests.	State Approp. Tuition and fees County Taxes 64% 16% 20%
Illinois	352,898 (181,524 FTEs)	49	Formula allocation is based on a rate per funded semester credit hour equivalent. The six funding categories and tentative 1995 rates are: baccalaureate and general academic (\$26.92), business and service vocational (\$16.50), technical vocational (\$35.04), health (\$59.39), remedial/developmental (\$15.82), and adult basic education (\$16.78). Rates are based on unit cost of instruction as reported by the 49 community colleges.	N/A
Indiana	N/A	14	The Vocational-Technical College System is funded on "base plus." One factor is cost per FTE. There is no difference between funding for art/science courses and technical courses. The nursing program does get a special appropriation.	N/A

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Iowa	49,351 (36,563 FTEs)	15	Iowa community colleges have a foundation formula which is enrollment-driven on the basis of a three-year rolling average of contact hours eligible for state general aid.	State Approp. Tuition and fees Fed'l Funds Local Sources Other
Kansas	56,000	21	The community colleges have taxing authority and use property tax assessments for funding. The local boards determine how the money will be spent.	State Approp. Tuition and fees Other
Kentucky	40,758	14	N/A	State Approp. Tuition and fees Other
Louisiana	17,390	4 <sup>5</sup>	In Louisiana, the formula is supposed to be revised annually to reflect the regional average for state funding per FTE student and cost per student credit hour.	N/A
Maine	2,991 F-T, 11,000 P- T	6	Funding for the Maine Technical College System is requested based on an actual cost budget. The legislature reviews new and expanded program budget requests in a separate budget bill each session.	State Approp. Tuition and fees Fed'l Funds Other
Maryland	110,000	18	Colleges receive approximately 70% of their allocations based upon their share of prior year funding and 27% on an FTE basis. Additional formula components include a college size factor, a wealth factor, and challenge grants. One of community colleges, Baltimore City Community College, goes through the state budget process.	State Approp. <sup>6</sup> Tuition and fees Local Sources Other

<sup>5</sup>In addition to the 4 community colleges, there are 46 postsecondary vocational-technical schools.

<sup>6</sup>Maryland's revenue sources reflect FY 1994 actual data. The state appropriation has declined since FY 1991, from 33% to 30%, while tuition and fees increased from 29% of total revenue in FY 1991 to 35% in FY 1994.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Massachusetts	72,579 (42,503 FTEs)	15	Funding is based on faculty-student ratios, physical plant needs, and enrollment.	State Approp. <sup>7</sup> 53 - 69% Tuition and fees 10 - 25% Gov't funds 1 - 18% Other 9 - 11%
Michigan	225,171 (123,000 FTEs)	38	The funding formula considers average costs, equalization of local effort, and a minimum percentage increase, though the primary factor is average cost per FTE. Tuition and fees for each college are determined by locally elected boards.	State Approp. 38% Tuition and fees 30% Local Sources 27% Other 5%
Minnesota	55,000 (33,000 FTEs)	18	Minnesota did use a rate per FTE formula. Beginning in 1995, all of Minnesota's appropriations for higher education will be funded on a 63% variable, 35% fixed and 2% reward (performance) basis.	State Approp. Tuition and fees 67% 33%
Mississippi	33,000 (21,000 FTEs)	15 (36 campuses)	In Mississippi, a base amount of the state appropriation is allocated to each of the fifteen institutions equally. The formula provides for additional reimbursement to colleges based on cost per full-time equivalent student. Cost per FTE is determined in five weighted program areas: academic, technical, vocational, part-time academic, and nursing.	State Approp. 57% Tuition and fees 25% Fed'l Funds 6% Local Sources 12%
Missouri	N/A	12 (16 campuses)	In Missouri, funding for community colleges comes in flat amounts based on programs or activities, i.e., workforce preparation, performance, and inflation.	State Approp. 36% Tuition and fees 25% Local Sources 27% Other 12%
Montana	5,000	3 public, 7 tribally controlled	Colleges make adjustments to prior year allowance.	N/A

<sup>7</sup>Tuition and fees have increased in Massachusetts since FY 1991 - the state now provides 55% of the funding, 35% comes from tuition, and the rest from other sources.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Nebraska	33,000	6 (15 campuses)	The formula in Nebraska is enrollment driven with different weighting for vocational/technical programs.	Tuition and fees comprised 17 percent of the community colleges' revenue in FY 1990.
Nevada	37,276	4 (with satellite campuses)	The funding formula has 2 components. The instructional area is based upon the number of full-time equivalent students enrolled or projected to be enrolled. A student/faculty ratio determines the number of full-time faculty authorized. The second area includes a support services formula that covers academic and institutional support, student services, and plant operation and maintenance.	No local aid; major funding source is state appropriation.
New Hampshire	27,000 (most in evening programs)	1 college (6 branches)	Funding goes through the state budget process and is based on "actual cost," which includes prior year expenditures.	State Approp. 49% Tuition and fees 47% Fed'l Funds 4%
New Jersey	N/A	17	The formula used to allocate state aid changed from an enrollment driven model to one with a base foundation for each institution, with categorical aid and differential program costs increments.	N/A
New Mexico	37,000 (17,800 FTEs)	17*	The funding methodology is formula based and considers cost for credit hours. The formula provides for additional funding for technical programs.	State Approp. 58% Tuition and fees 11% Local Sources 29% Other 2%

\*New Mexico's 17 two year colleges include five community colleges, three vocational-technical institutes, eight university branch campuses, and one military institute.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
New York City University of N.Y. (CUNY)	61,000	7	State aid is derived from a combination of enrollment driven formulas including base aid, disadvantaged aid, rental aid, supplemental aid for business and technical students, and appropriations for categorical operating aid, including such items as part-time student success and core operating support.	State Approp. 36% Tuition and fees 24% Local Sources 40%
New York State University of N.Y. (SUNY)	190,000 (plus 210,000 non-credit enrollees)	30	Same as above.	State Approp. 36% Tuition and fees 28% Local Sources 36%
North Carolina	741,387 (126,929 FTEs) <sup>9</sup>	30	Funding is based on cost per student FTE. The system is considering change and may be going to budgeting based on program cost factors.	State Approp. 77% Tuition and fees 7% Local Sources 12% Federal 4%
North Dakota	7,259	9 <sup>10</sup>	The formula is the same state funding formula as lower divisions in the senior colleges. The formula is based on credit hour production which is converted to FTEs. A ratio of average faculty salaries and FTEs determine the number of faculty positions to be funded.	North Dakota's two year colleges receive no local dollars.

<sup>9</sup>Student enrollment includes 224,535 in the curriculum program and 516,852 in the extension program. Curriculum programs account for 64 percent of the total FTEs. The extension courses are short courses designed to meet very specific needs, and include courses in home maintenance and repair or caring for the developmentally disabled.

<sup>10</sup>North Dakota's two-year colleges include four controlled by Indian tribes, three extensions of university multi campus districts, one community college, and one state school of science.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Ohio	160,000 (91,858 FTEs)	17 (plus 30 regional campuses of university)	Ohio's formula considers state-wide average costs per discipline and level (models). The formula uses three models for general education courses and two models for technical courses.	Only six campuses (5 community colleges and 1 technical) have local taxes levied for operating support.
Oklahoma	36,330 FTEs	13	Funding is based in large part on prior years' actual costs per student credit hour by field of study (22 different disciplines). Each institution generates a separate rate based on actual costs, mission differentiation, and annual survey of 200 peer institutions nationwide.	N/A
Oregon	300,000 (57,000 FTEs)	16	The National Center for Higher Education Management System helped Oregon design a formula that would allocate 49 percent of state dollars to the colleges as base adjustments and 51 percent of the state dollars on an FTE basis.	State Approp. Tuition and fees Local Sources
Pennsylvania	100,000 FTEs	14	Community colleges are funded at a dollar rate per FTE. Variations exist in the process for three categories of programs: technical education, \$1,000 per FTE; advanced technical education, \$1,100 per FTE; and others, \$500 per FTE. The state also shares one half of the cost of debt service for leases.	Student-generated funds are limited to 1/3 of a college's operating costs. The state share can vary from 1/3 to 1/2 of college's operating budget.
Rhode Island	16,623 (8,810 FTEs)	1 (with 3 campuses)	No formula is used. The community college budget is based on the historical proportion of the total budget for higher education, approximately 23%.	N/A
South Carolina	50,172 (36,890 FTEs)	16	The funding formula is based on discipline specific student faculty ratios.	State Approp. Tuition and fees Local Sources Other

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
South Dakota	N/A	0 <sup>11</sup>	N/A	N/A
Tennessee	64,467 (38,641 FTEs)	14	Formula funding in Tennessee, presently under intensive study, does differentiate between technical and academic courses. The formula also recognizes a difference between remedial and other lower level courses and recognizes cost factors in technical programs through the use of faculty-student ratios and salaries.	N/A
Texas	372,000	49 (67 campuses)	The funding formula is based on statewide median costs per contact hour for each of the 18 general academic programs and 39 technical programs areas in Texas. State funds are distributed upon submission of actual enrollment and contact hours during the biennium.	State Approp. Tuition and fees Local Sources Federal
Utah	25,217 (18,466 FTEs)	6	The formula for funding higher education is based on historical funding, though it uses FTE calculations to determine funding for new enrollment growth. Utah's formula also recognizes the effect of mission assignments on community colleges, as well as the differential costs of vocational education, levels of instruction, and subject matter.	State Approp. Tuition and fees Other
Vermont	4,000 (1,600 FTEs)	1 (12 offices statewide)	There is no funding formula in Vermont for the community college; instead, it goes through the state budget process. Funding comes in a lump sum appropriation based on historical funding and available resources for inflation-based increases.	State Approp. Tuition and fees Other

<sup>11</sup>South Dakota has no state-supported community colleges. Technical institutions are under local public school governance, and any other two year programs are components of state-supported universities.

State	Enrolled Students	System Size	Funding Methodology	Sources of Revenue
Virginia	128,195 (60,792 FTEs)	23 (33 campuses)	Due to financial constraints, the Virginia Community College System has experienced base funding without increase for the last three years. A formula developed the base funding using faculty-student ratios, and has adjustments for different size colleges.	N/A
Washington	N/A (94,755 FTEs)	27	The funding formula is a "base plus cost" model which recognizes variations in support allocations for academic, vocational and basic skills enrollment.	State Approp. Local Sources Other
West Virginia	N/A	11 <sup>13</sup>	Funding is based on a cost per full-time equivalent student using peer averages.	N/A
Wisconsin	447,819 (60,286 FTEs)	16 (45 campuses)	State aid is based on a district's proportion of the statewide aided costs, modified by additional factors including the number of full-time equivalent students served.	State aid is approximately 30%.
Wyoming	N/A (12,934 FTEs)	7	Community colleges are funded through a rate per enrollment per program. Business programs get 150% of the amount allocated for liberal arts, and technical courses and health courses get 200%. There is a small school supplement which is a flat rate grant.	State Approp. Tuition and fees Local Sources

<sup>12</sup>The state general fund appropriation includes tuition.

<sup>13</sup>Nine of the eleven community colleges in West Virginia are branches of four year institutions.

**Options for Increasing  
State Mandated Formula Aid  
for  
Community Colleges**

**Department of Fiscal Services  
October 1995**

## **CALCULATION OF THE FY 1996 MINIMUM GRANT**

FY 1995 Aid	\$89,180,935
FY 1993 FTEs	70,863
Rate per FTE	\$1,259
FY 1994 FTEs	70,021
<b>Minimum \$ FY 1996</b>	<b>\$88,121,642</b>

**STATE MANDATED REVENUE OPTION:  
PERCENT OF 4-YEAR PUBLIC**

1996 AID PER FTE AT 4-YEAR PUBLIC :	\$6,690.56
1996 FORMULA AID PER FTE FOR COM. COLLEGES	\$1,258.50
CURRENT PERCENT	19%

THE ATTACHED OPTIONS SHOW SEVERAL EXAMPLES OF THE EFFECT OF INCREASING THE COM. COLLEGE'S PERCENT OF 4-YEAR PUBLIC AID PER FTE. FOR COMPARISON A 4TH OPTION BASES AID ON THE GROWTH IN INFLATION.

THE ASSUMPTIONS USED IN THE FOLLOWING OPTIONS ARE:

1. GROWTH IN 4 YEAR PUBLIC ENROLLMENT: AVG. INCREASE OF 1.4%
2. GROWTH IN STATE SUPPORT FOR 4 YEAR PUBLIC SCHOOLS: 3.5%
3. GROWTH IN COMMUNITY COLLEGE ENROLLMENT: AVG. INCREASE OF 1.6%
4. NUMBERS USED FOR COMMUNITY COLLEGE FTES ARE TWO YEARS PRIOR
5. NUMBERS USED FOR STATE SUPPORT FOR 4-YEAR PUBLIC ARE ONE YEAR PRIOR

# THREE OPTIONS USE % OF 4 YEAR PUBLIC; FOURTH OPTION USES INFLATOR

## 1. INCREASE THE PERCENT OF 4-YR PUBLIC BY 1% PER YEAR: (C\*B)\*A=D

AID YEAR	COM. COL. FTES	AID PER FTE @ 4-YEAR PUBLIC	PCT.	PROPOSED FORM. AID 1% INC. (millions)	FORMULA AID CUR. LAW (millions)	\$ DIF. (millions)	INC. OVER CUR.	\$ INC. YR-TO-YR (millions)	% INC. YR-TO-YR
1997	68,759	\$6,621	20%	\$92.0	\$86.5	\$5.5	6.3%	\$3.9	4.4%
1998	69,693	\$6,786	21%	\$99.3	\$87.7	\$11.6	13.2%	\$7.3	7.9%
1999	70,972	\$6,934	22%	\$108.3	\$89.3	\$19.0	21.2%	\$9.0	9.0%
2000	72,146	\$7,087	23%	\$117.6	\$90.8	\$26.8	29.5%	\$9.3	8.6%

NOTE: Aid per FTE at 4-year public schools is based on an assumed average enrollment increase of 1.4% and 3.5% growth in general fund support.  
Community college FTEs are two year prior to the aid year.

## 2. INCREASE THE PERCENT OF 4-YR PUBLIC BY 1.5% PER YEAR: (C\*B)\*A=D

AID YEAR	COM. COL. FTES	AID PER FTE @ 4-YEAR PUBLIC	PCT.	PROPOSED FORM. AID 1.5% INC. (millions)	FORMULA AID CUR. LAW (millions)	\$ DIF. (millions)	INC. OVER CUR.	\$ INC. YR-TO-YR (millions)	% INC. YR-TO-YR
1997	68,769	\$6,691	20.5%	\$94.3	\$86.5	\$7.8	9.0%	\$6.2	7.0%
1998	69,693	\$6,786	22.0%	\$104.0	\$87.7	\$16.3	18.6%	\$9.7	10.3%
1999	70,972	\$6,934	23.5%	\$115.7	\$89.3	\$26.3	29.5%	\$11.6	11.2%
2000	72,146	\$7,087	25.0%	\$127.8	\$90.8	\$37.0	40.8%	\$12.2	10.5%

NOTE: Aid per FTE at 4-year public schools is based on an assumed average enrollment increase of 1.4% and 3.5% growth in general fund support.  
Community college FTEs are two year prior to the aid year.

### 3. INCREASE THE PERCENT OF 4-YR PUBLIC BY 2% PER YEAR: (C\*B)\*A=D

A AID YEAR	B COM. COL. FTES	C AID PER FTE @ 4-YEAR PUBLIC	D PROPOSED FORM. AID 2% INC. (millions)
		PCT.	FORMULA AID CUR. LAW (millions)
			\$ DIF. (millions)
1997	68,769	\$6,691	\$101.2
1998	69,693	\$6,786	\$113.5
1999	70,972	\$6,934	\$128.0
2000	72,146	\$7,087	\$132.9

NOTE: Aid per FTE at 4-year public schools is based on an assumed average enrollment increase of 1.4% and 3.5% growth in general fund support. Community college FTEs are two years prior to the aid year.

### 4. INCREASE FUNDING PER FTE USING THE IMPLICIT PRICE DEFULATOR FOR STATE & LOCAL GOVERNMENT:

(PREVIOUS YEAR APPROP/PRIOR YEAR FTE)\*(1+EST. IPD)\*CURRENT YR. EST. FTE=TOTAL FUNDS

PREVIOUS YEAR AID YEAR (millions)	COM COL FTES	EST. IPD	TOT FUNDS IDP METHOD (millions)
			FORM. AID CUR. LAW (millions)
			\$ DIF. (millions)
1997	\$88.1	68,769	2.8%
1998	\$89.0	69,693	2.3%
1999	\$92.3	70,972	2.6%
2000	\$96.4	72,146	2.8%

NOTE: IDP estimate from the Bureau of Revenue Estimates, July 1995

		\$ INC. YR-TO-YR (millions)	% INC. YR-TO-YR
		\$13.1	14.9%
		\$12.3	12.1%
		\$14.5	12.7%
		\$5.0	3.9%

## Options for Changing the Distribution of Community College Formula Aid

FY 1997-FY 2000

Total Funding is a Percent of the  
Four Year University Funding Per Student - 1% Annual Increase

Presented to  
Senate Budget and Taxation Committee  
Health, Education and Human Resources Subcommittee  
House Committee on Ways and Means  
Education Subcommittee

Department of Fiscal Services  
November 1995

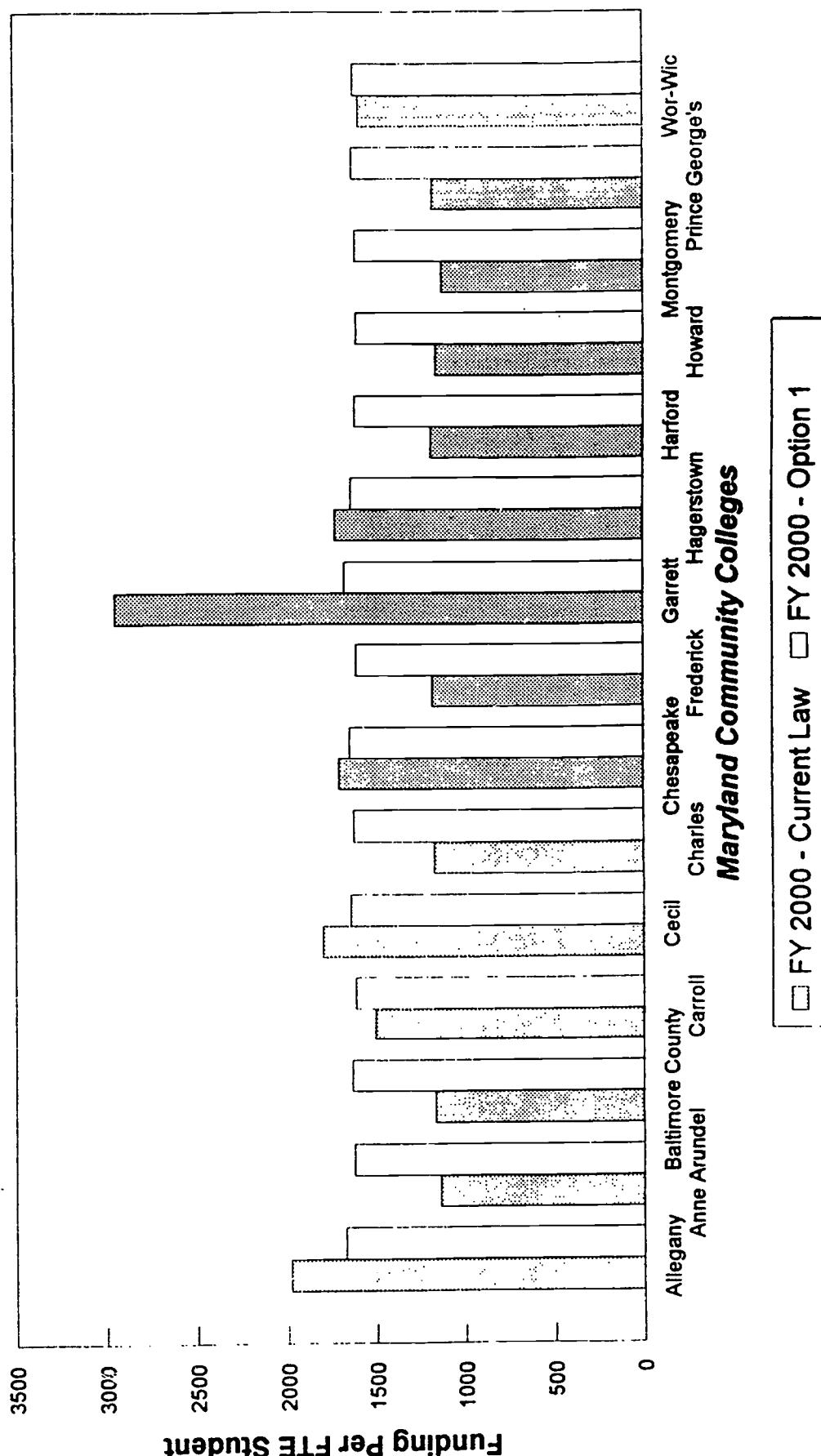
## Summary

- This document includes five formula distribution options for community college funding. Total funding for each option, on a per FTE basis, is 20% of the aid per FTE at the four year public universities beginning in fiscal 1997. The funding grows a percentage point each fiscal year, reaching 23% in fiscal 2000. Each option includes:
  - bulleted highlights;
  - a bar graph showing funding per FTE in the year 2000 under the proposed option versus funding per FTE under current law at current funding levels;
  - a summary showing the effect of the proposed option compared to current law; and
  - four spreadsheets detailing the option for FY 1997 - FY 2000.
- The five distribution options are:
  - A 40% Fixed and 60% Variable Basis (Model 1);
  - 35% Fixed, 60% Variable, and 5% Small Size Factors (Model 2);
  - Variation of 35% Fixed, 60% Variable, and 5% Small Size Factors. The small size factor declines a percentage point each year to 2% in fiscal 2000, while the fixed cost factor rises to 38% in fiscal 2000 (Model 3);
  - An Equal Base (\$1,150,000 in fiscal 1997), Allocating the Remainder on an FTE Basis (Model 4); and
  - Hold Harmless at FY 1996 Levels, Distributing the Remainder on an FTE Basis (Model 5).

### State Funds Distributed on a 40% Fixed and 60% Variable Basis (Model 1)

- Under this model, 40% of the total funds available are distributed on a fixed cost basis. This 40% is allocated to each college using the current method for allocating fixed costs. Each college's share of the total state grant from the prior fiscal year is calculated, and that share is multiplied by the total amount available for fixed costs. For example, Allegany received 3.5% of the total state grant in FY 1996. That percentage is multiplied by \$36.8 million, the total amount available for fixed costs in FY 1997. Allegany's share of fixed costs under this model is \$1.3 million.
- The remaining 60% in state funds is allocated on a per FTE basis (\$803 per FTE).
- Under Model 1, the small schools lose state funds each fiscal year (as compared to the current distribution method). The bar graph for this option shows that Allegany, Cecil, Chesapeake, Garrett, and Hagerstown would all lose funding per FTE in fiscal year 2000. The summary sheet shows their percent losses from the current formula.
- Under this option, there is little variation in aid per student by fiscal 2000 (aid varies from \$1,613 at Howard to \$1,678 at Garrett).
- The large and medium size schools all fare well under this model, showing gains of around 40% in fiscal 2000 (as compared to projected current funding levels in the year 2000).

**Option 1 - 40% Fixed, 60% Variable  
Funding Per FTE Student - FY 2000**



## SUMMARY

**Model 1**  
**Community College Funding**  
**Distributed by 40% Fixed and 60% Marginal (Per FTE) Factors**  
**Percent Increase (Decrease) Over Current Law Estimates**  
**FY 1997 - 2000**

COLLEGES	FY 1997 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 1998 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 1999 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 2000 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 2000 % Increase (Decrease)
									Over Cur. Law
Allegany	2,638,280	-13.69%	2,492,385	-19.15%	2,541,402	-18.56%	2,659,303	-15.59%	
Anne Arundel	10,424,675	14.38%	11,434,271	23.56%	12,592,957	33.21%	13,742,840	42.64%	
Baltimore County	22,130,665	11.93%	24,174,073	21.43%	26,292,558	30.75%	28,388,036	40.02%	
Carroll	2,523,192	-8.07%	2,631,656	-5.64%	2,864,842	0.21%	3,152,911	7.44%	
Cecil	1,838,376	-14.47%	1,760,614	-17.58%	1,851,565	-14.12%	1,986,942	-8.84%	
Charles	4,423,918	13.94%	4,902,258	22.17%	5,410,214	30.52%	5,896,096	38.63%	
Chesapeake	2,159,911	-9.37%	2,114,877	-11.45%	2,203,772	-8.56%	2,351,230	-3.43%	
Frederick	3,220,233	9.30%	3,556,710	17.91%	3,962,086	27.32%	4,369,055	36.44%	
Garrett	1,189,703	-31.53%	1,069,334	-41.41%	1,079,613	-43.40%	1,124,370	-42.93%	
Hagerstown	2,829,581	-9.85%	2,892,171	-11.48%	3,064,494	-9.40%	3,297,361	-5.25%	
Harford	4,617,619	9.09%	5,025,207	17.47%	5,499,530	26.47%	6,021,950	35.98%	
Howard	4,672,853	11.28%	5,120,871	19.58%	5,667,568	28.85%	6,254,382	38.37%	
Montgomery	15,929,746	12.21%	17,805,310	23.09%	19,776,898	33.42%	21,675,195	43.11%	
Prince George's	11,207,445	10.17%	12,095,376	19.32%	13,078,061	28.73%	14,093,469	38.34%	
Wor-Wic	2,214,483	-7.14%	2,236,760	-7.90%	2,387,819	-4.01%	2,592,575	1.82%	
<b>TOTAL</b>	<b>92,020,680</b>	<b>6.86%</b>	<b>99,311,873</b>	<b>13.80%</b>	<b>108,273,377</b>	<b>21.83%</b>	<b>117,605,715</b>	<b>30.18%</b>	

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 20% of the aid per FTE at the four year publics beginning in fiscal 1997, increasing to 23% by fiscal 2000.

101

**Model 1A**  
**FY 1997**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 40% Fixed and 60% Marginal (Per FTE) Factors**

COLLEGES	Audited FY 1995 FTEs	FY 1996 Direct Grant	% of Direct grant FY 96	40% Fixed Cost Adjustment	60% Marginal Cost Adjustment	Proposed FY 1997 State Aid (a)	Estimated FY 1997 Current Aid	Percent Increase (Decrease)	Per FTE	
									New Option FY 1997	Current Law FY 1997
Allegany	1,677	3,077,320	0.035097	1,291,851	1,346,428	2,638,280	3,058,805	-13.69%	1,573	1,823
Anne Arundel	8,194	9,161,279	0.104484	3,845,881	6,578,793	10,424,675	9,113,961	14.38%	1,272	1,112
Baltimore County	16,964	20,273,159	0.233215	8,510,620	13,620,046	22,130,665	19,771,006	11.93%	1,305	1,165
Carroll	1,655	2,845,245	0.032450	1,194,427	1,328,765	2,523,192	2,744,546	-8.07%	1,525	1,658
Cecil	1,113	2,250,541	0.025667	944,771	893,605	1,838,376	2,149,487	-14.47%	1,652	1,931
Charles	3,517	3,811,817	0.043474	1,600,191	2,823,727	4,423,918	3,882,796	13.94%	1,258	1,104
Chesapeake	1,414	2,440,798	0.022837	1,024,640	1,135,271	2,159,911	2,383,215	-9.37%	1,528	1,685
Frederick	2,453	2,978,461	0.033981	1,250,770	1,969,463	3,220,233	2,946,166	9.30%	1,313	1,201
Garnett	592	1,701,769	0.018409	714,398	475,305	1,189,703	1,737,538	-31.53%	2,010	2,835
Hagerstown	1,914	3,079,746	0.035124	1,292,869	1,536,711	2,829,581	3,138,812	-9.85%	1,478	1,640
Harford	3,485	4,334,435	0.049434	1,819,585	2,798,035	4,617,619	4,233,008	9.09%	1,325	1,215
Howard	3,612	4,223,116	0.048165	1,772,853	2,900,000	4,672,853	4,199,250	11.28%	1,294	1,163
Montgomery	12,246	14,525,305	0.165661	6,097,686	9,832,061	15,929,746	14,196,905	12.21%	1,301	1,159
Prince Georges	8,428	10,578,382	0.126046	4,440,777	6,768,667	11,207,445	10,172,573	10.17%	1,330	1,207
Wor-Wic	1,504	2,398,663	0.027357	1,006,953	1,207,531	2,214,483	2,384,686	-7.14%	1,472	1,586
<b>TOTAL</b>	<b>68,768</b>	<b>87,681,034</b>	<b>1,000000</b>	<b>38,808,272</b>	<b>55,212,408</b>	<b>92,020,680</b>	<b>88,110,553</b>	<b>6.86%</b>	<b>1,338</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

0                    432,716  
92,020,680        88,543,269

**Notes:**

- (a) The total amount available in FY 1997 is based on the request for FY 1997 (\$86,533,252) plus an additional \$5.5 million. The \$5.5 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 20.0% of the aid per FTE at the four years.

104

103

**Model 1B**  
**FY 1998**

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**Percent of Four Year Funding Per Student - 1% Annual increase**

**Community College Funding**

**Distributed by 40% Fixed and 60% Marginal (Per FTE) Factors**

COLLEGES	Audited FY 1996 FTEs	40% Fixed Cost Adjustment	60% Marginal Cost Adjustment	Proposed FY 1998 State Aid (a)	Estimated FY 1998 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1998	Per FTE Current Law FY 1998
Allegany	1,583	1,138,929	1,353,456	2,492,385	3,082,680	-19.15%	1,574	1,947
Anne Arundel	8,110	4,500,267	6,934,004	11,434,271	9,253,909	23.56%	1,410	1,141
Baltimore County	17,100	9,553,669	14,620,404	24,174,073	19,907,043	21.43%	1,414	1,164
Carroll	1,804	1,089,246	1,542,410	2,631,656	2,789,998	-5.64%	1,459	1,546
Cecil	1,131	793,615	966,999	1,760,614	2,136,144	-17.58%	1,557	1,889
Charles	3,500	1,909,777	2,992,480	4,902,258	4,012,499	22.17%	1,401	1,146
Chesapeake	1,383	932,420	1,182,457	2,114,877	2,388,419	-11.45%	1,529	1,727
Frederick	2,534	1,390,154	2,166,556	3,556,710	3,016,448	17.91%	1,404	1,190
Garnett	650	513,587	555,746	1,069,334	1,825,167	-41.41%	1,645	2,808
Hagerstown	1,954	1,221,512	1,670,659	2,892,171	3,267,357	-11.48%	1,480	1,672
Hamford	3,546	1,993,397	3,031,810	5,025,207	4,277,828	17.47%	1,417	1,206
Howard	3,630	2,017,241	3,103,630	5,120,871	4,282,301	19.58%	1,411	1,180
Montgomery	12,782	6,876,771	10,928,538	17,805,310	14,465,525	23.09%	1,393	1,132
Prince George's	8,488	4,838,183	7,257,192	12,095,376	10,137,133	19.32%	1,425	1,194
Wor-Wic	1,498	955,978	1,280,782	2,236,760	2,428,544	-7.90%	1,493	1,621
<b>TOTAL</b>	<b>69,693</b>	<b>39,724,749</b>	<b>59,587,124</b>	<b>99,311,873</b>	<b>87,270,097</b>	<b>13.80%</b>	<b>1,425</b>	<b>1,252</b>

## **Challenge Grants TOTAL STATE AID**

Notes

- (a) The total amount available in FY 1998 is based on the projections for FY 1998 (\$87.7 m) plus an additional \$11.6 million. The \$11.6 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 21% of the aid per FTE at the four year publics.

**Prepared by Department of Fiscal Services, October 1995.**

**Model 1C**

**FY 1999**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 40% Fixed and 60% Marginal (Per FTE) Factors**

COLLEGES	Estimated FY 1997 FTES	40% Fixed Cost Adjustment	80% Marginal Cost Adjustment	Proposed FY 1999 State Aid (a)	Estimated FY' 1999 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1999	Per FTE Current Law FY 1999
Allegany	7,589	1,086,915	1,454,487	2,541,402	3,120,613	-18.58%	1,589	1,964
Anne Arundel	8,310	4,988,421	7,608,536	12,592,957	9,453,461	33.21%	1,515	1,138
Baltimore County	17,207	10,542,178	15,750,380	26,292,558	20,108,825	30.75%	1,528	1,169
Carroll	1,876	1,147,650	1,717,191	2,884,842	2,858,941	0.21%	1,527	1,524
Cecil	1,184	787,794	1,083,771	1,851,565	2,158,008	-14.12%	1,564	1,821
Charles	3,575	2,137,847	3,272,368	5,410,214	4,145,280	30.52%	1,513	1,160
Chesapeake	1,400	922,285	1,281,486	2,203,772	2,410,140	-8.58%	1,574	1,722
Frederick	2,634	1,551,061	2,411,025	3,982,086	3,111,913	27.32%	1,504	1,181
Garnett	670	468,330	613,283	1,079,613	1,907,424	-43.40%	1,611	2,847
Hagerstown	1,970	1,261,260	1,803,234	3,064,494	3,382,383	-9.40%	1,556	1,717
Harford	3,614	2,191,465	3,308,065	5,499,530	4,348,601	26.47%	1,522	1,203
Howard	3,752	2,233,183	3,434,383	5,667,568	4,398,697	28.85%	1,511	1,172
Montgomery	13,123	7,764,796	12,012,102	19,776,898	14,822,644	33.42%	1,507	1,130
Prince George's	8,525	5,274,726	7,803,335	13,078,061	10,159,283	28.73%	1,534	1,192
Wor-Wic	1,543	975,439	1,412,381	2,387,819	2,487,478	-4.01%	1,548	1,612
<b>TOTAL</b>	<b>70,972</b>	<b>43,309,351</b>	<b>64,964,026</b>	<b>108,273,377</b>	<b>88,871,670</b>	<b>21.83%</b>	<b>1,526</b>	<b>1,252</b>
Challenge Grants							0	446,591
<b>TOTAL STATE AID</b>							<b>108,273,377</b>	<b>89,318,261</b>

**Notes:**

- (a) The total amount available in FY 1999 is based on the projections for FY 1999 (\$89.3 m) plus an additional \$19.0 million. The \$19.0 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 22.0% of the aid per FTE at the four year publics.

**Model 1D**  
**FY 2000**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 40% Fixed and 60% Marginal (Per FTE) and Factors**

COLLEGES	Estimated FY 1998 FTES	40% Fixed Cost Adjustment	80% Marginal Cost Adjustment	Proposed FY 2000 State Aid (a)	Estimated FY 2000 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 2000	Per FTE Current Law FY 2000
Allegany	1,390	1,104,181	1,555,122	2,859,303	3,150,312	-15.59%	1,673	1,981
Anne Arundel	8,457	5,471,350	8,271,490	13,742,840	9,634,336	42.84%	1,825	1,139
Baltimore County	17,345	11,423,510	16,964,526	28,388,036	20,274,671	40.02%	1,637	1,169
Carroll	1,951	1,244,708	1,908,204	3,152,911	2,934,515	7.44%	1,616	1,504
Cecil	1,209	804,462	1,182,480	1,986,942	2,179,881	-8.84%	1,643	1,803
Charles	3,625	2,350,613	3,545,483	5,886,096	4,253,007	38.63%	1,627	1,173
Chesapeake	1,425	957,488	1,393,742	2,351,230	2,434,821	-3.43%	1,650	1,709
Frederick	2,707	1,721,435	2,647,620	4,389,055	3,202,073	36.44%	1,614	1,183
Garnett	670	469,067	655,303	1,124,370	1,970,082	-42.93%	1,678	2,840
Hagerstown	2,010	1,331,452	1,965,909	3,297,361	3,480,232	-5.25%	1,840	1,731
Harford	3,714	2,389,419	3,832,531	6,021,950	4,428,669	35.98%	1,621	1,192
Howard	3,877	2,462,427	3,791,955	6,254,382	4,519,883	38.37%	1,613	1,166
Montgomery	13,376	8,582,606	13,082,588	21,675,195	15,145,585	43.11%	1,620	1,132
Prince George's	8,600	5,682,116	8,411,353	14,093,489	10,187,699	38.34%	1,639	1,185
Wor-Wic	1,590	1,037,452	1,555,122	2,592,575	2,546,195	1.82%	1,631	1,601
<b>TOTAL</b>	<b>72,146</b>	<b>47,042,286</b>	<b>70,563,429</b>	<b>117,605,715</b>	<b>89,341,761</b>	<b>30.16%</b>	<b>1,630</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

Challenge Grants	0	453,979
TOTAL STATE AID	117,605,715	90,785,740

Notes:

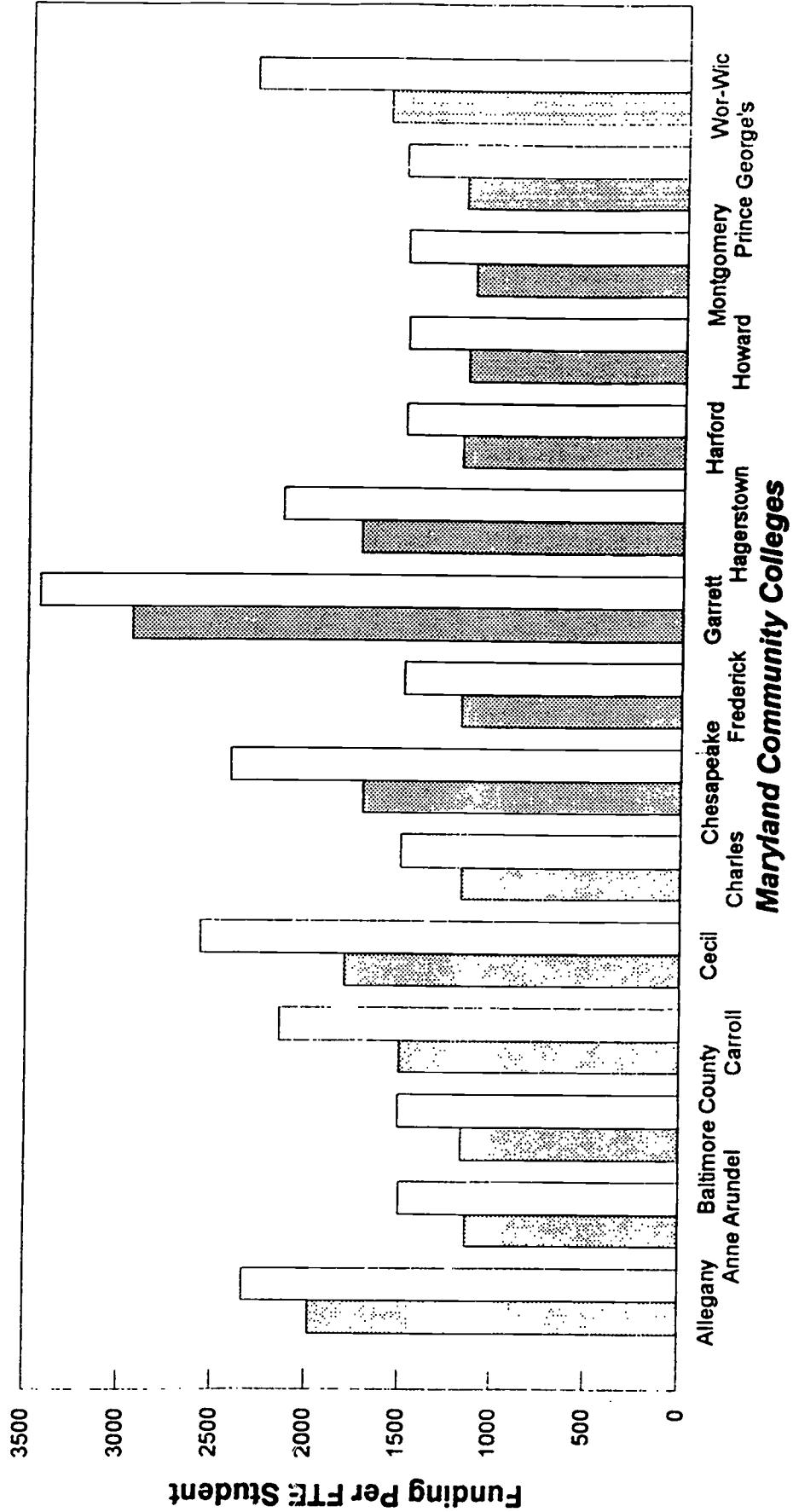
(a) The total amount available in FY 2000 is based on the projections for FY 2000 (\$90.8 m) plus an additional \$26.8 million. The \$26.8 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 23.0% of the aid per FTE at the four year public.

**110**

**Distribution Model based on 35% Fixed, 60% Variable, and 5% Small Size Factor  
(Model 2)**

- Under this model, the small size factor is taken from the fixed cost component, lowering fixed costs to 35% of the total. Variable costs are set at 60% of total state funds available.
- As the bar graph shows, each community college gains funding per FTE under this option. Option 2 does not significantly narrow the spread in funding per FTE between the small colleges and the medium and large size schools.
- No college loses funds under this option.

**Option 2 - 35% Fixed, 60% Variable and 5% Small Size  
Funding Per FTE Student - FY 2000**



11.3

11.1

FY 2000 - Current Law     FY 2000 - Option 2

## SUMMARY

**Model 2**  
**Community College Funding**  
**Distributed by 35% Fixed, 60% Marginal (Per FTE) and 5% Small Size Factor**  
**Percent Increase (Decrease) Over Current Law Estimates**  
**FY 1997 - 2000**

COLLEGES	FY 1997 Proposed State Aid	FY 1997 % Increase (Decrease) Over Cur. Law	FY 1998 Proposed State Aid	FY 1998 % Increase (Decrease) Over Cur. Law	FY 1999 Proposed State Aid	FY 1999 % Increase (Decrease) Over Cur. Law	FY 2000 Proposed State Aid	FY 2000 % Increase (Decrease) Over Cur. Law
Allegany	3,134,089	2.53%	3,246,672	5.32%	3,466,742	11.09%	3,713,105	17.86%
Anne Arundel	9,943,940	9.11%	10,690,149	15.52%	11,685,710	23.61%	12,714,015	31.97%
Baltimore County	21,066,838	6.55%	22,578,023	13.42%	24,385,761	21.17%	26,227,592	29.36%
Carroll	3,031,179	10.44%	3,396,754	21.79%	3,786,715	32.45%	4,187,830	42.71%
Cecil	2,377,570	10.61%	2,574,454	20.52%	2,839,519	31.70%	3,102,013	42.31%
Charles	4,223,894	8.78%	4,587,980	14.34%	5,023,060	21.18%	5,455,086	28.26%
Chesapeake	2,689,122	12.84%	2,907,595	21.74%	3,164,355	31.29%	3,436,767	41.15%
Frederick	3,063,887	4.00%	3,323,884	10.18%	3,679,361	18.23%	4,046,393	26.37%
Garrett	1,757,694	1.16%	1,929,054	5.68%	2,122,757	11.29%	2,302,347	16.87%
Hagerstown	3,325,262	5.94%	3,636,088	11.29%	3,964,083	17.20%	4,312,965	23.93%
Harford	4,390,171	3.71%	4,690,118	9.64%	5,097,732	17.23%	5,570,522	25.78%
Howard	4,451,247	6.00%	4,785,008	11.74%	5,260,259	19.59%	5,791,734	28.14%
Montgomery	15,167,536	6.84%	16,657,802	15.16%	18,368,429	23.92%	20,065,665	32.49%
Prince George's	10,652,348	4.72%	11,280,925	11.28%	12,107,940	19.18%	13,014,396	27.75%
Wor-Wic	2,745,905	15.15%	3,027,368	24.66%	3,340,953	34.31%	3,665,284	43.95%
<b>TOTAL</b>	<b>92,020,680</b>	<b>6.86%</b>	<b>99,311,873</b>	<b>13.80%</b>	<b>108,273,377</b>	<b>21.83%</b>	<b>117,605,715</b>	<b>30.18%</b>

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 20% of the aid per FTE at the four year publics beginning in fiscal 1997, increasing to 23% by fiscal 2000.

**Model 2A**  
**FY 1997**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 35% Fixed, 60% Marginal (Per FTE) and 5% Small Size Factors**

COLLEGES	Audited FTEs	FY 1986 Direct Grant	% of Direct FY 86	35% Fixed Cost Adjustment	Marginal Cost Adjustment	5% Small Size Factor	State Aid (a)	Proposed FY 1987 Current Aid	Estimated FY 1987	Percent Increase (Decrease)	Per FTE New Option FY 1997	Per FTE Current Law FY 1997
Allegany	1,877	3,077,320	0.035587	1,130,370	1,348,428	657,281	3,724,096	3,068,806	2,53%	1,858	1,823	
Anne Arundel	8,194	9,161,279	0.104484	3,365,146	6,578,783	0	9,843,940	9,113,981	9.11%	1,214	1,112	
Baltimore County	16,964	20,273,159	0.231215	7,448,792	13,820,046	0	21,068,858	19,771,006	6.55%	1,242	1,165	
Carroll	1,655	2,845,245	0.032450	1,045,123	1,328,785	657,281	3,031,179	2,744,546	10.44%	1,832	1,658	
Cecil	1,113	2,250,541	0.025687	828,675	883,905	657,281	2,377,570	2,149,487	10.61%	2,138	1,831	
Charles	3,517	3,811,817	0.043474	1,400,167	2,823,727	0	4,223,894	3,882,798	8.78%	1,201	1,104	
Chesapeake	1,414	2,440,798	0.027897	898,560	1,135,271	657,281	2,689,122	2,383,215	12.84%	1,802	1,685	
Frederick	2,453	2,979,481	0.033891	1,094,424	1,989,463	0	3,083,887	2,946,188	4.00%	1,249	1,201	
Garnett	592	1,701,769	0.012 0.99	625,098	475,306	657,281	1,757,694	1,737,538	1.16%	2,959	2,935	
Hagerstown	1,914	3,079,748	0.035124	1,131,261	1,536,711	657,281	3,325,282	3,138,812	5.94%	1,737	1,640	
Harford	3,485	4,334,435	0.04934	1,592,137	2,798,035	0	4,380,171	4,233,008	3.71%	1,260	1,215	
Howard	3,612	4,223,116	0.048165	1,551,247	2,800,000	0	4,451,247	4,198,250	6.00%	1,232	1,163	
Montgomery	12,246	14,525,305	0.165661	5,335,475	9,832,081	0	15,167,538	14,198,905	6.84%	1,239	1,158	
Prince George's	8,428	10,578,382	0.120646	3,885,680	6,766,887	0	10,652,346	10,172,573	4.72%	1,264	1,207	
Wicomico	1,504	2,398,663	0.027357	881,083	1,207,531	657,281	2,745,805	2,384,686	15.15%	1,826	1,598	
<b>TOTAL</b>	<b>68,768</b>	<b>87,681,034</b>	<b>1,000000</b>	<b>32,207,238</b>	<b>56,212,406</b>	<b>4,601,034</b>	<b>92,020,680</b>	<b>86,110,553</b>	<b>6.86%</b>	<b>1,338</b>	<b>1,252</b>	
Challenge Grants TOTAL STATE AID							0	432,716				
							92,020,680	86,543,288				

Notes:

(a). The total amount available in FY 1987 is based on the request for FY 1987 (\$86,533,152) plus an additional \$5.5 million. The \$5.5 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 20.0% of the aid per FTE at the four years.

113

117

**Model 2B**  
**FY 1998**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding**  
**Distributed by 35% Fixed, 60% Marginal (Per FTE) and 5% Small Size Factor**

COLLEGES	Audited FY 1998 FTEs	35% Fixed Cost Adjustment	60% Marginal Cost Adjustment	5% Small Size Factor	Proposed FY 1998 State Aid (\$)	Estimated FY 1998 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1998	Per FTE Current Law FY 1998
Allegany	1,583	1,183,846	1,353,456	709,371	3,248,672	3,002,680	5.32%	2,051	1,947
Anne Arundel	8,110	3,756,144	6,934,004	0	10,690,149	9,253,909	15.52%	1,318	1,141
Baltimore County	17,100	7,957,619	14,620,404	0	22,578,023	19,907,043	13.42%	1,320	1,164
Carroll	1,804	1,144,973	1,542,410	709,371	3,398,754	2,789,098	21.79%	1,883	1,546
Cecil	1,131	898,084	968,999	709,371	2,574,454	2,136,144	20.52%	2,276	1,889
Charles	3,500	1,595,500	2,992,480	0	4,587,980	4,012,499	14.34%	1,311	1,146
Chesapeake	1,383	1,015,767	1,182,457	709,371	2,907,595	2,388,419	21.74%	2,102	1,727
Frederick	2,534	1,157,328	2,186,558	0	3,323,884	3,016,448	10.19%	1,312	1,190
Garnett	650	683,937	555,748	709,371	1,929,054	1,825,167	5.69%	2,968	2,808
Hagerstown	1,954	1,258,058	1,670,659	709,371	3,636,086	3,287,357	11.29%	1,861	1,672
Harford	3,546	1,658,308	3,031,810	0	4,690,118	4,277,828	9.64%	1,323	1,206
Howard	3,630	1,681,376	3,103,630	0	4,785,008	4,282,301	11.74%	1,318	1,180
Montgomery	12,782	5,729,284	10,928,538	0	16,657,802	14,465,525	15.16%	1,303	1,132
Prince George's	8,488	4,023,733	7,257,192	0	11,280,925	10,137,133	11.28%	1,329	1,194
Wor-Wic	1,498	1,037,216	1,280,782	709,371	3,027,368	2,428,544	24.86%	2,021	1,821
<b>TOTAL</b>	<b>69,693</b>	<b>34,759,156</b>	<b>59,587,124</b>	<b>4,985,594</b>	<b>99,311,873</b>	<b>87,270,097</b>	<b>13.80%</b>	<b>1,425</b>	<b>1,252</b>

**Challenge Grants  
TOTAL STATE AID**

**0**  
**99,311,873**  
**87,708,640**

**Notes:**

- (a) The total amount available in FY 1998 is based on the projections for FY 1998 (\$87.7 m) plus an additional \$11.6 million. The \$11.6 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 21% of the aid per FTE at the four year publics.

**Model 2C**  
**FY 1999**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 35% Fixed, 60% Marginal (Per FTE) and 6% Small Size Factor**

COLLEGES	Estimated FY 1997 FTEs	35%	60%	Marginal Cost Adjustment	Small Size Factor	Proposed FY 1999	Estimated FY 1999 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1999	Per FTE Current Law FY 1999
		Fixed Cost Adjustment	State Aid (a)			3,486,742				
Allegany	1,589	1,238,874	1,754,487	773,381	0	11,685,710	9,453,481	11.08%	2,182	1,884
Anne Arundel	8,310	4,079,175	7,606,536	0	24,365,761	20,108,825	23.61%	1,406	1,138	
Baltimore County	17,207	8,615,380	15,750,380	0	773,381	3,786,715	21.17%	1,416	1,169	
Carroll	1,876	1,298,142	1,717,191	773,381	0	2,858,941	2,019	32.45%	2,019	1,524
Cecil	1,184	982,367	1,083,771	773,381	0	2,839,519	2,156,008	31.70%	2,398	1,821
Charles	3,575	1,750,693	3,272,365	0	773,381	5,023,060	4,145,260	21.16%	1,405	1,160
Chesapeake	1,400	1,109,486	1,281,486	773,381	0	3,164,355	2,410,140	31.29%	2,260	1,722
Frederick	2,634	1,268,336	2,411,025	0	773,381	3,679,361	3,111,913	18.23%	1,397	1,181
Garrett	670	736,093	613,283	773,381	0	2,122,757	1,907,424	11.28%	3,168	2,847
Hagerstown	1,970	1,387,468	1,803,234	773,381	0	3,964,083	3,382,383	17.20%	2,012	1,717
Harford	3,614	1,789,667	3,308,065	0	5,097,732	4,348,601	17.23%	1,411	1,203	
Howard	3,752	1,825,876	3,434,383	0	5,290,259	4,398,697	19.59%	1,402	1,172	
Montgomery	13,123	6,356,327	12,012,102	0	18,368,429	14,822,644	23.92%	1,400	1,130	
Prince George's	8,525	4,304,605	7,803,335	0	12,107,940	10,159,283	19.18%	1,420	1,192	
Wor-Wic	1,543	1,155,191	1,412,381	773,381	0	3,340,953	2,487,476	34.31%	2,165	1,612
<b>TOTAL</b>	<b>70,972</b>	<b>37,895,682</b>	<b>64,964,026</b>		<b>5,413,669</b>	<b>108,273,377</b>	<b>88,871,670</b>	<b>21.83%</b>	<b>1,526</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

**108,273,377**

**0**

**446,591**

**89,318,281**

Notes:

- (a) The total amount available in FY 1999 is based on the projections for FY 1999 (\$89.3 m) plus an additional \$19.0 million. The \$19.0 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 22.0% of the aid per FTE at the public four years.

121

**Model 2D**  
**FY 2000**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 35% Fixed, 60% Marginal (Per FTE) and 6% Small Size Factor**

COLLEGES	Estimated FY 1998 FTE'S	35% Fixed Cost Adjustment	60% Marginal Cost Adjustment	Small Size Factor	Proposed FY 2000 State Aid (a)	Estimated FY 2000 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 2000	Per FTE Current Law FY 2000
Allegany	7,390	1,317,842	1,533,722	840,041	3,713,105	3,180,312	17.86%	2,335	1,981
Anne Arundel	8,457	4,442,525	8,271,490	0	12,714,015	9,634,338	31.97%	1,503	1,139
Baltimore County	17,345	9,263,066	16,964,526	0	26,227,592	20,274,871	29.36%	1,512	1,169
Carroll	1,951	1,439,595	1,908,204	840,041	4,187,830	2,934,515	42.71%	2,147	1,504
Cecil	1,239	1,079,492	1,182,480	840,041	3,102,013	2,179,881	42.31%	2,566	1,803
Charles	3,625	1,909,603	3,545,483	0	5,455,086	4,253,007	28.26%	1,505	1,173
Chesapeake	1,425	1,202,984	1,393,742	840,041	3,436,767	2,434,821	41.15%	2,412	1,709
Frederick	2,707	1,398,773	2,647,620	0	4,046,393	3,202,073	26.37%	1,495	1,183
Garnett	670	807,003	655,303	840,041	2,302,347	1,970,082	16.87%	3,436	2,940
Hagerstown	2,010	1,507,015	1,965,909	840,041	4,312,965	3,480,232	23.93%	2,146	1,731
Harford	3,714	1,937,991	3,632,531	0	5,570,522	4,428,669	25.76%	1,500	1,192
Howard	3,877	1,999,776	3,791,955	0	5,791,734	4,519,883	26.14%	1,494	1,166
Montgomery	13,376	6,983,077	13,082,588	0	20,065,665	15,145,585	32.49%	1,500	1,132
Prince George's	8,600	4,603,043	8,411,353	0	13,014,396	10,187,699	27.75%	1,513	1,185
Wor-Wic	1,590	1,270,121	1,555,122	840,041	3,665,284	2,546,195	43.95%	2,305	1,601
<b>TOTAL</b>	<b>72,146</b>	<b>41,162,000</b>	<b>70,563,429</b>		<b>5,880,286</b>	<b>1,7,605,715</b>	<b>30.18%</b>	<b>1,630</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

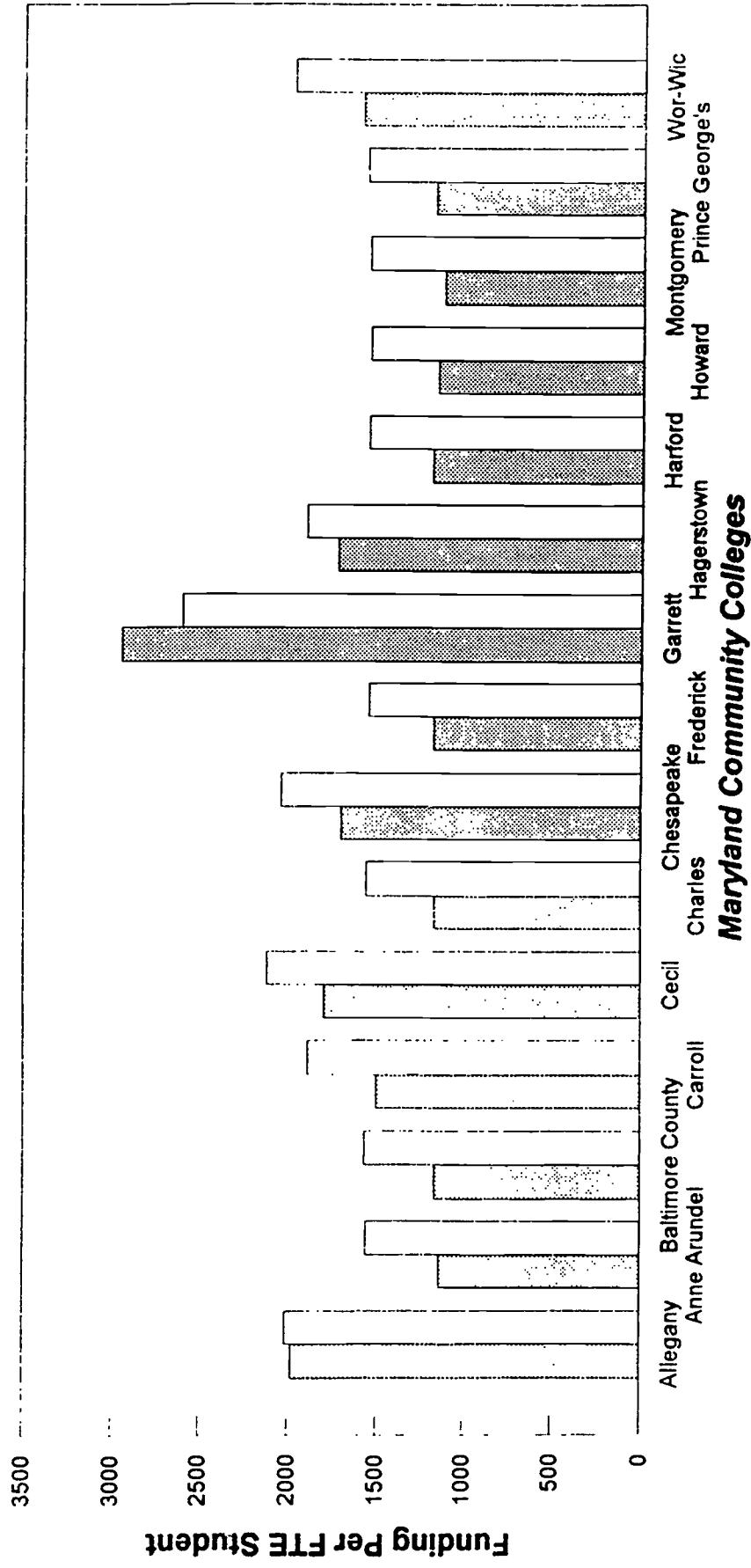
## Notes:

- (a) The total amount available in FY 2000 is based on the projections for FY 2000 (\$90.8 m) plus an additional \$26.8 million. The \$26.8 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 23.0% of aid per FTE at the four years.

**Distribution Model based on 35% Fixed, 60% Variable, and 5% Small Size Factor. The small size factor declines a percentage point each year to 2% in fiscal 2000, while the fixed cost component rises to 38% (Model 3)**

- Under this model, the small size factor is taken from the fixed cost component, lowering fixed costs to 35% of the total. The variable cost component is set at 60% of total state funds available. The fixed cost component increases by one percentage point each year until it reaches 38% in fiscal 2000. Likewise, the small size factor decreases a percentage point each year to 2% in fiscal 2000.
- As the bar graph shows, only Garrett County would lose funding per FTE by the year 2000 under this option. Garrett would still receive \$2,592 per student, approximately \$470 more per student than any other community college.
- As the summary sheet shows, Garrett is the only college to lose funds under this option, beginning in fiscal 1998 with a 1% loss. Four of the small schools (Carroll, Cecil, Chesapeake and Wor-Wic) have the strongest gains in the first fiscal year of this option. By fiscal 2000, as the small size factor declines in value, medium and large schools show the best gains under this option.
- Under this option, the spread in aid per FTE decreases about 60%.

**Option 3 - 38% Fixed, 60% Variable and 2% Small Size  
Funding Per FTE Student - FY 2000**



FY 2000 - Current Law     FY 2000 - Option 3

Small size factor is 5% in FY 1997; decreases a percentage point each year to 2% in FY 2000.

127

128

## SUMMARY

**Model 3**  
**Community College Funding**  
**Distributed by 35% Fixed, 60% Marginal (Per FTE) and 5% Small Size Factor**  
**(Size Factor Decreases to 2% by FY 2000, Fixed Grows to 38%)**

**Percent Increase (Decrease) Over Current Law Estimates**  
**FY 1997 - 2000**

COLLEGES	FY 1997 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 1997	FY 1998	FY 1999	FY 1999 Proposed State Aid	FY 1999 % Increase (Decrease) Over Cur. Law	FY 2000	FY 2000 Proposed State Aid	FY 2000 % Increase (Decrease) Over Cur. Law
			% Increase (Decrease) Over Cur. Law	% Increase (Decrease) Over Cur. Law	% Increase (Decrease) Over Cur. Law	% Increase (Decrease) Over Cur. Law				
Allegany	3,134,089	2.53%	3,138,622	1.81%	3,184,596	2.05%	3,205,590	1.75%	3,208,883	37.10%
Anne Arundel	9,943,940	9.11%	10,797,467	16.68%	11,962,097	26.54%	13,208,883	37.10%	13,208,883	37.10%
Baltimore County	21,066,838	6.55%	22,805,383	14.56%	24,949,783	24.07%	27,262,626	34.47%	27,262,626	34.47%
Carroll	3,031,179	10.44%	3,287,593	17.87%	3,507,394	22.68%	3,691,907	25.81%	3,691,907	25.81%
Cecil	2,377,570	10.61%	2,458,239	15.08%	2,539,422	17.78%	2,566,651	17.75%	2,566,651	17.75%
Charles	4,223,894	8.78%	4,633,566	15.48%	5,141,488	24.03%	5,687,648	33.26%	5,687,648	33.26%
Chesapeake	2,689,122	12.84%	2,794,743	17.01%	2,872,879	19.20%	2,915,548	19.74%	2,915,548	19.74%
Frederick	3,063,887	4.00%	3,356,950	11.29%	3,765,176	20.99%	4,201,708	31.22%	4,201,708	31.22%
Garrett	1,757,694	1.16%	1,806,150	-1.04%	1,805,889	-5.32%	1,736,706	-11.85%	1,736,706	-11.85%
Hagerstown	3,325,262	5.94%	3,530,101	8.04%	3,691,261	9.13%	3,825,505	9.92%	3,825,505	9.92%
Harford	4,390,171	3.71%	4,737,498	10.75%	5,219,112	20.02%	5,786,735	30.67%	5,786,735	30.67%
Howard	4,451,247	6.00%	4,833,047	12.88%	5,383,973	22.40%	6,014,207	33.06%	6,014,207	33.06%
Montgomery	15,167,536	6.84%	16,821,495	16.29%	18,797,680	26.82%	20,841,389	37.61%	20,841,389	37.61%
Prince George's	10,652,348	4.72%	11,395,889	12.42%	12,400,292	22.06%	13,529,612	32.80%	13,529,612	32.80%
Wor-Wic	2,745,905	15.15%	2,915,129	20.04%	3,052,336	22.71%	3,151,000	23.75%	3,151,000	23.75%
<b>TOTAL</b>	<b>92,020,680</b>	<b>6.86%</b>	<b>99,311,873</b>	<b>13.80%</b>	<b>108,273,377</b>	<b>21.83%</b>	<b>117,605,715</b>	<b>30.18%</b>	<b>117,605,715</b>	<b>30.18%</b>

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 20% of the aid per 12 FTE at the four year publics beginning in fiscal 1997, increasing to 23% by fiscal 2000.

Prepared by Department of Fiscal Services, November, 1995.

**Model 3A**  
**FY 1997**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding**  
**Distributed by 35% Fixed, 60% Marginal (Per FTE) and 5% Small Size Factor**

COLLEGES	Audited FY 1995 FTES	FY 1996 Direct Grant	% of Direct	35% Fixed Cost	60% Marginal Cost Adjustment	5% Small Size Factor	Proposed FY 1997 State Aid (\$)	Estimated FY 1997 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1997	Per FTE Current law FY 1997
Alegany	1,677	3,077,320	0.035097	1,130,370	1,348,429	857,291	3,134,089	3,058,895	2.53%	1,869	1,823
Anne Arundel	6,194	9,161,279	0.104484	3,385,146	6,578,793	0	9,943,940	9,113,981	9.11%	1,214	1,112
Baltimore County	16,964	20,273,159	0.231215	7,446,792	13,820,048	0	21,088,838	19,771,006	6.55%	1,242	1,165
Carroll	1,655	2,845,245	0.032450	1,045,123	1,328,765	857,291	3,031,179	2,744,546	10.44%	1,832	1,659
Cecil	1,113	2,250,541	0.025667	826,675	893,605	857,291	2,377,570	2,149,487	10.61%	2,136	1,931
Charles	3,517	3,811,817	0.043474	1,400,167	2,823,727	0	4,223,894	3,882,793	8.76%	1,201	1,104
Chesapeake	1,414	2,440,798	0.027037	896,560	1,135,271	857,291	2,689,122	2,383,215	12.84%	1,902	1,685
Frederick	2,453	2,879,461	0.033981	1,094,424	1,969,463	0	3,063,887	2,946,168	4.00%	1,249	1,201
Garrett	592	1,701,769	0.019409	625,098	475,305	857,291	1,757,694	1,737,538	1.16%	2,969	2,935
Hagerstown	1,914	3,079,748	0.035124	1,131,261	1,536,711	857,291	3,325,262	3,138,812	5.94%	1,737	1,640
Harford	3,485	4,334,435	0.049434	1,592,137	2,798,035	0	4,390,171	4,233,998	3.71%	1,260	1,215
Howard	3,612	4,223,116	0.048165	1,551,247	2,900,000	0	4,451,247	4,198,250	6.00%	1,232	1,163
Montgomery	12,246	14,525,305	0.165661	5,335,475	9,832,081	0	15,167,538	14,188,905	6.84%	1,239	1,158
Prince George's	8,428	10,578,382	0.120646	3,885,660	6,768,667	0	10,652,348	10,172,573	4.72%	1,264	1,207
Wor-Wic	1,504	2,398,663	0.027357	881,083	1,207,531	857,291	2,745,905	2,384,898	15.15%	1,826	1,586
<b>TOTAL</b>	<b>68,768</b>	<b>87,681,034</b>	<b>1.000000</b>	<b>32,207,238</b>	<b>55,212,408</b>	<b>4,601,034</b>	<b>92,020,680</b>	<b>86,110,553</b>	<b>6.86%</b>	<b>1,338</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

- Notes:
- (a) The total amount available in FY 1997 is based on the request for FY 1997 (\$88,533,252) plus an additional \$5.5 million. The \$5.5 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 20.0% of the aid per FTE at the four years.

Challenge Grants  
TOTAL STATE AID

0

432,716

86,543,269

**Model 3B**  
**FY 1998**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 36% Fixed, 60% Marginal (Per FTE) and 4% Small Size Factor**

COLLEGES	Audited FY 1998 FTES	36% Fixed Cost Adjustment	60% Marginal Cost Adjustment	4% Small Size Factor	Proposed FY 1998 State Aid (a)	Estimated FY 1998 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1998	Per FTE Current law FY 1998
Allegany	1,583	1,217,870	1,353,458	567,498	3,138,622	3,082,680	-1.8%	1,983	1,947
Anne Arundel	6,110	3,863,463	6,934,004	0	10,797,467	9,253,909	16.68%	1,331	1,141
Baltimore County	17,100	8,184,979	14,620,404	0	22,805,383	19,907,043	14.56%	1,334	1,164
Carroll	1,804	1,177,687	1,542,410	567,498	3,287,593	2,789,998	17.81%	1,822	1,548
Cecil	1,131	923,744	968,999	567,498	2,458,239	2,136,144	15.08%	2,174	1,889
Charles	3,500	1,641,086	2,992,480	0	4,633,566	4,012,499	15.48%	1,324	1,146
Chesapeake	1,383	1,044,789	1,182,457	567,498	2,794,743	2,388,419	17.01%	2,021	1,727
Frederick	2,534	1,190,395	2,166,558	0	3,358,950	3,016,448	11.29%	1,325	1,190
Garnett	650	682,907	555,746	567,498	1,806,150	1,825,167	-1.04%	2,779	2,808
Hagerstown	1,954	1,291,945	1,670,659	567,498	3,530,101	3,267,357	8.04%	1,807	1,672
Harford	3,546	1,705,688	3,031,810	0	4,737,498	4,277,828	10.75%	1,336	1,208
Howard	3,630	1,729,418	3,103,630	0	4,833,047	4,282,301	12.86%	1,331	1,180
Montgomery	12,782	5,892,957	10,928,538	0	16,821,495	14,465,525	16.29%	1,316	1,132
Prince George's	8,486	4,138,696	7,257,192	0	11,395,889	10,137,133	12.42%	1,343	1,194
Wor-Wic	1,498	1,068,851	1,280,782	567,498	2,915,129	2,426,544	20.04%	1,946	1,621
<b>TOTAL</b>	<b>69,693</b>	<b>35,752,274</b>	<b>59,587,124</b>		<b>3,972,475</b>	<b>99,311,873</b>	<b>87,270,097</b>	<b>13.80%</b>	<b>1,425</b>
									<b>1,252</b>
<b>Challenge Grants</b>									
<b>TOTAL STATE AID</b>									

Notes:

- (a) The total amount available in FY 1998 is based on the projections for FY 1998 (\$87.7 m) plus an additional \$11.6 million. The \$11.6 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 21% of the aid per FTE at the four year publics.

134

**Model 3C**  
**FY 1999**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by 37% Fixed, 60% Marginal (Per FTE) and 3% Small Size Factor**

COLLEGES	Estimated FY 1997 FTEs	37% Fixed Cost Adjustment	60% Marginal Cost Adjustment	3% Small Size Factor	Proposed FY 1999 State Aid (a)	Estimated FY 1999 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1999	Per FTE Current law FY 1999
Allegany	1,589	1,285,030	1,454,487	454,029	3,184,598	3,120,613	2.05%	2,004	1,964
Anne Arundel	6,310	4,355,561	7,806,536	0	11,962,097	9,453,461	26.54%	1,439	1,138
Baltimore County	17,207	9,199,402	15,750,380	0	24,949,783	20,108,825	24.07%	1,450	1,169
Carroll	1,876	1,328,173	1,717,191	464,029	3,507,394	2,858,941	22.68%	1,670	1,524
Cecil	1,184	99,622	1,083,771	454,029	2,539,422	2,156,004	17.78%	2,145	1,821
Charles	3,575	1,869,122	3,272,366	0	5,141,486	4,145,260	24.03%	1,438	1,160
Chesapeake	1,400	1,127,364	1,281,486	454,029	2,872,879	2,410,140	19.20%	2,052	1,722
Frederick	2,634	1,354,151	2,411,025	0	3,765,176	3,111,913	20.99%	1,429	1,181
Garrett	670	728,578	613,283	464,029	1,805,889	1,907,424	-5.32%	2,695	2,847
Hagerstown	1,970	1,423,998	1,803,234	464,029	3,691,281	3,382,383	9.13%	1,874	1,717
Harford	3,614	1,911,047	3,308,065	0	5,219,112	4,348,601	20.02%	1,444	1,203
Howard	3,752	1,949,590	3,434,383	0	5,383,973	4,398,697	22.40%	1,435	1,172
Montgomery	13,123	6,785,578	12,012,102	0	18,797,680	14,822,644	26.82%	1,432	1,130
Prince George's	8,525	4,596,957	7,803,335	0	12,400,292	10,159,283	22.06%	1,455	1,192
Wor-Wic	1,543	1,175,926	1,412,381	464,029	3,052,336	2,487,476	22.71%	1,978	1,612
<b>TOTAL</b>	<b>70,972</b>	<b>40,061,149</b>	<b>64,964,026</b>		<b>3,248,201</b>	<b>108,273,377</b>	<b>88,871,670</b>	<b>21.83%</b>	<b>1,526</b>
									<b>1,252</b>

**Challenge Grants**  
**TOTAL STATE AID**

**0**  
**108,273,377**

**446,591**  
**88,318,281**

**Notes:**

- (a) The total amount available in FY 1999 is based on the projections for FY 1999 (\$89.3 m) plus an additional \$19.0 million. The \$19.0 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 22.0% of the aid per FTE at the four year public.

**135**

**Model 3D**  
**FY 2000**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding**  
**Distributed by 38% Fixed, 60% Marginal (Per FTE) and 2% Small Size Factor**

COLLEGES	Estimated FY 1998 FTEs	38% Fixed Cost Adjustment	60% Marginal Cost Adjustment	2% Small Size Factor	Proposed FY 2000 State Aid (a)	Estimated FY 2000 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 2000	Per FTE Current law FY 2000
Allegany	7,590	1,314,452	1,353,122	336,016	3,205,590	3,150,312	1.75%	2,016	1,981
Anne Arundel	8,457	4,937,393	8,271,490	0	13,208,843	9,634,336	37.10%	1,562	1,139
Baltimore County	17,345	10,298,100	16,964,526	0	27,262,626	20,274,671	34.47%	1,572	1,169
Carroll	1,951	1,447,688	1,908,204	336,016	3,691,907	2,934,515	25.81%	1,892	1,504
Cecil	1,209	1,048,154	1,162,480	336,016	2,586,651	2,179,861	17.75%	2,123	1,803
Charles	3,625	2,122,165	3,545,483	0	5,867,648	4,253,007	33.26%	1,563	1,173
Chesapeake	1,425	1,185,790	1,393,742	336,016	2,915,548	2,434,821	19.74%	2,046	1,709
Frederick	2,707	1,554,086	2,647,620	0	4,201,708	3,202,073	31.22%	1,552	1,183
Garnett	670	745,386	855,303	336,016	1,738,708	1,970,082	-11.85%	2,592	2,940
Hagerstown	2,010	1,523,579	1,565,909	336,016	3,825,505	3,480,232	9.82%	1,903	1,731
Harford	3,714	2,154,205	3,632,531	0	5,786,735	4,426,869	30.67%	1,558	1,192
Howard	3,877	2,222,252	3,791,955	0	6,014,207	4,519,883	33.06%	1,551	1,166
Montgomery	13,376	7,758,801	13,082,586	0	20,841,389	15,145,585	37.61%	1,558	1,132
Prince George's	8,600	5,118,259	8,411,353	0	13,529,612	10,167,699	32.80%	1,573	1,185
Wor-Wic	1,590	1,259,861	1,555,122	336,016	3,151,000	2,546,195	23.75%	1,982	1,601
<b>TOTAL</b>	<b>72,146</b>	<b>44,690,172</b>	<b>70,583,429</b>	<b>2,352,114</b>	<b>117,805,715</b>	<b>90,341,761</b>	<b>30.18%</b>	<b>1,630</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

Notes:  
(a) The total amount available in FY 2000 is based on the projections for FY 2000 (\$90.8 m) plus

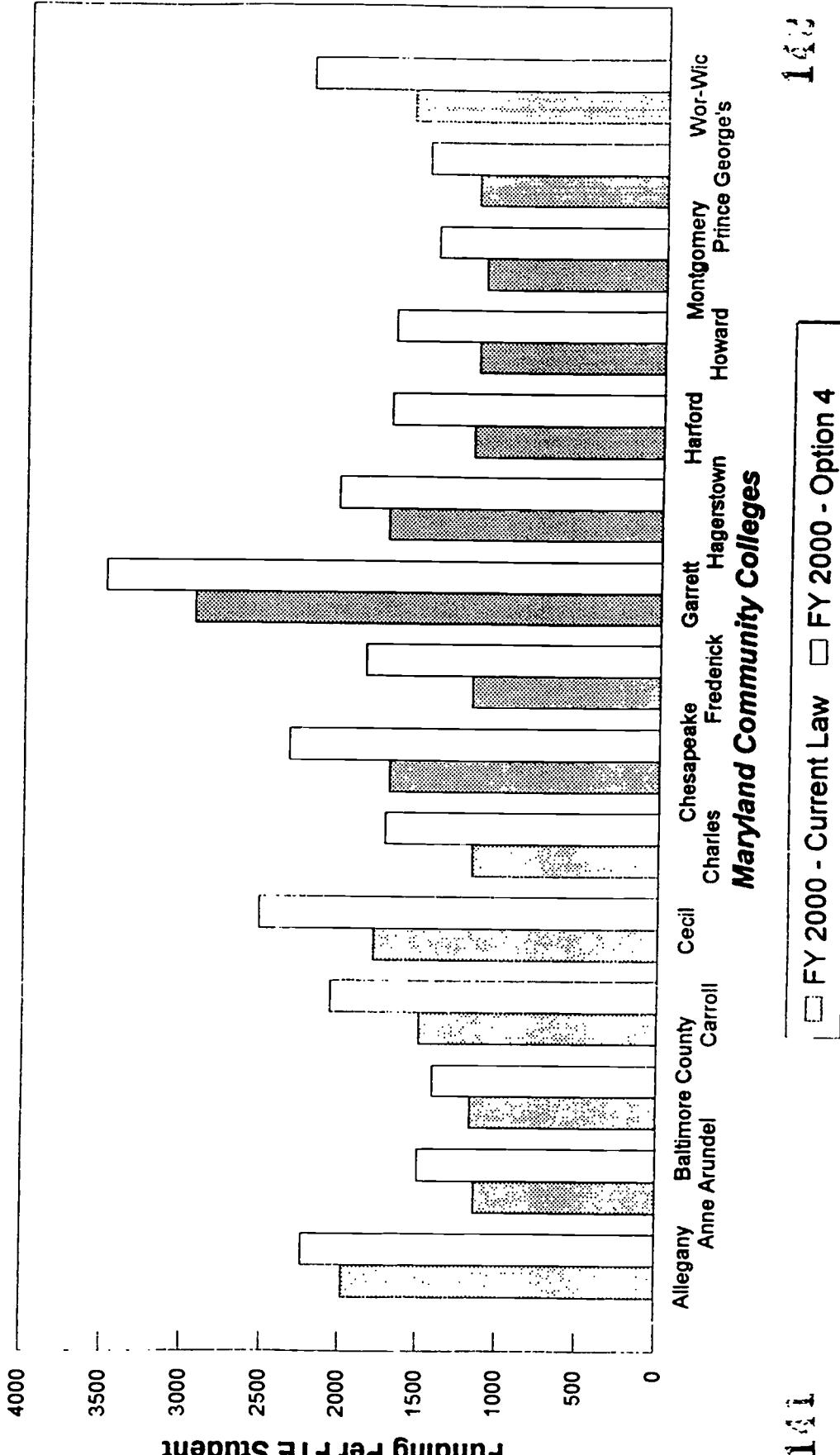
an additional \$26.8 million. The \$26.8 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 23.0% of the four year publics.

138

## Distribution Model Using an Equal Base and Allocating the Remainder on an FTE Basis (Model 4)

- Under this model, \$1,150,000 is given to each college in fiscal 1997, and the remainder is allocated on a per FTE basis. The base increases by \$100,000 each year.
- The bar graph for this option shows that every college gains funding per FTE by fiscal 2000, though the large schools have proportionately smaller gains than some of the small and all of the medium size schools.
- Allegany would lose funds under this option in the first two fiscal years (1997 and 1998). As noted above, medium size schools do very well under this option; Frederick and Charles would gain 58% and 47% over current funding by fiscal 2000.
- There is a slight decrease in the variation in aid per FTE between the small and large colleges and an increase in variation in aid per FTE between the medium and large colleges.

**Option 4 - Equal Base and Per FTE Funding  
Funding Per FTE Student - FY 2000**



## SUMMARY

**Model 4**  
**Community College Funding**  
**Distributed by Equal Base and Per FTE Funding Factors**

**Percent Increase (Decrease) Over Current Law Estimates**  
**FY 1997 - 2000**

COLLEGES	FY 1997 Proposed State Aid	FY 1997 % Increase (Decrease) Over Cur. Law	FY 1998 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 1999 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 2000 Proposed State Aid	% Increase (Decrease) Over Cur. Law	FY 2000 Ove. Cur. Law
									% Increase (Decrease)
Allegany	2,973,383	-2.72%	3,079,875	-0.09%	3,320,765	6.41%	3,562,530	13.08%	
Anne Arundel	10,059,245	10.37%	10,624,784	14.81%	11,656,519	23.30%	12,686,268	31.68%	
Baltimore County	19,594,768	-0.89%	21,016,806	5.57%	22,691,068	12.84%	24,495,178	20.82%	
Carroll	2,949,463	7.47%	3,335,340	19.58%	3,676,718	28.60%	4,042,167	37.75%	
Cecil	2,360,152	9.80%	2,557,384	19.72%	2,818,462	30.73%	3,056,320	40.22%	
Charles	4,973,995	28.10%	5,295,838	31.98%	5,783,912	39.53%	6,266,303	47.34%	
Chesapeake	2,687,426	12.76%	2,848,684	19.27%	3,086,357	28.06%	3,343,305	37.31%	
Frederick	3,817,120	29.56%	4,179,186	38.55%	4,616,832	48.36%	5,046,615	57.60%	
Garrett	1,793,675	3.23%	2,001,370	9.65%	2,180,971	14.34%	2,340,186	18.79%	
Hagerstown	3,231,071	2.94%	3,508,733	7.39%	3,793,302	12.15%	4,120,557	18.40%	
Harford	4,939,202	16.68%	5,349,011	25.04%	5,832,282	34.12%	6,384,551	44.16%	
Howard	5,077,287	20.91%	5,446,112	27.18%	6,003,437	36.48%	6,601,119	46.05%	
Montgomery	14,464,939	1.89%	16,025,399	10.78%	17,625,866	18.91%	19,221,824	26.91%	
Prince George's	10,313,670	1.39%	11,061,734	9.12%	11,923,174	17.36%	12,876,263	26.39%	
Wor-Wic	2,785,282	16.80%	2,981,618	22.77%	3,263,713	31.21%	3,562,530	39.92%	
<b>TOTAL</b>	<b>92,020,680</b>	<b>6.86%</b>	<b>99,311,873</b>	<b>13.80%</b>	<b>108,273,377</b>	<b>21.83%</b>	<b>117,605,715</b>	<b>30.18%</b>	

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 20% of the aid per FTE at the four year publics beginning in fiscal 1997, increasing to 23% by fiscal 2000.

**Model 4A**  
**FY 1997**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by Equal Base and Per FTE Funding**

COLLEGES	Audited FY 1995 FTEs	FY 1997 Base Funding \$17,250,000	FY 1997 Per FTE 1,087.29	Proposed FY 1997 State Aid (a)	Estimated FY 1997 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1997	Per FTE Current Law FY 1997
Allegany	1,677	1,150,000	1,823,383	2,973,383	3,056,605	-2.72%	1,773	1,823
Anne Arundel	8,194	1,150,000	8,909,245	10,059,245	9,113,961	10.37%	1,228	1,112
Baltimore County	16,964	1,150,000	18,444,768	19,594,768	19,771,006	-0.89%	1,155	1,165
Carroll	1,655	1,150,000	1,799,463	2,949,463	2,744,546	7.47%	1,782	1,658
Cecil	1,113	1,150,000	1,210,152	2,360,152	2,149,487	9.80%	2,121	1,931
Charles	3,517	1,150,000	3,823,995	4,973,995	3,882,796	28.10%	1,414	1,104
Chesapeake	1,414	1,150,000	1,537,426	2,687,426	2,383,215	12.76%	1,901	1,685
Frederick	2,453	1,150,000	2,667,120	3,817,120	2,946,166	29.56%	1,556	1,201
Garnett	592	1,150,000	643,675	1,793,675	1,737,536	3.23%	3,030	2,935
Hagerstown	1,914	1,150,000	2,081,071	3,231,071	3,138,812	2.94%	1,688	1,640
Harford	3,485	1,150,000	3,789,202	4,939,202	4,233,008	16.68%	1,417	1,215
Howard	3,612	1,150,000	3,927,287	5,077,287	4,199,250	20.91%	1,406	1,163
Montgomery	12,246	1,150,000	13,314,939	14,464,939	14,196,905	1.89%	1,181	1,159
Prince George's	8,428	1,150,000	9,163,670	10,313,670	10,172,573	1.39%	1,224	1,207
Wor-Wic	1,504	1,150,000	1,635,282	2,785,282	2,384,686	16.80%	1,852	1,586
<b>TOTAL</b>	<b>68,768</b>	<b>17,250,000</b>	<b>74,770,680</b>	<b>92,020,680</b>	<b>86,110,553</b>	<b>6.86%</b>	<b>1,338</b>	<b>1,252</b>

Challenge Grants  
**TOTAL STATE AID**

0  
92,020,680  
86,543,269

Notes:

- (a) The total amount available in FY 1997 is based on the request for FY 1997 (\$86,533,252) plus an additional \$5.5 million. The \$5.5 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 20.0% of the aid per FTE at the four years.

145  
146

**Model 4B**

FY 1998

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by Equal Base and Per FTE Funding**

COLLEGES	Audited FY 1998 FTES	FY 1998 Base Funding \$18,750,000	FY 1998 Per FTE 1,155.95	Proposed FY 1998 State Aid (a)	Estimated FY 1998 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1998	Per FTE Current Law FY 1998
Allegany	1,583	1,250,000	1,829,875	3,079,875	3,082,680	-0.09%	1,946	1,947
Anne Arundel	8,110	1,250,000	9,374,784	10,624,784	9,253,909	14.81%	1,310	1,141
Baltimore County	17,100	1,250,000	19,766,806	21,016,806	19,907,043	5.57%	1,229	1,164
Carroll	1,804	1,250,000	2,085,340	3,335,340	2,789,098	19.58%	1,849	1,546
Cecil	1,131	1,250,000	1,307,384	2,557,384	2,136,144	19.72%	2,261	1,889
Charles	3,500	1,250,000	4,045,838	5,295,838	4,012,499	31.98%	1,513	1,146
Chesapeake	1,383	1,250,000	1,598,684	2,848,684	2,388,419	19.27%	2,060	1,727
Frederick	2,534	1,250,000	2,929,186	4,179,186	3,016,448	38.55%	1,649	1,190
Garrett	650	1,250,000	751,370	2,001,370	1,825,167	9.65%	3,079	2,808
Hagerstown	1,954	1,250,000	2,258,733	3,508,733	3,267,357	7.39%	1,796	1,672
Harford	3,546	1,250,000	4,099,011	5,349,011	4,277,828	25.04%	1,508	1,206
Howard	3,630	1,250,000	4,196,112	5,446,112	4,282,301	27.18%	1,500	1,180
Montgomery	12,782	1,250,000	14,775,399	16,025,399	14,465,525	10.78%	1,254	1,132
Prince George's	8,488	1,250,000	9,811,734	11,061,734	10,137,133	9.12%	1,303	1,194
Wor-Wic	1,498	1,250,000	1,731,618	2,981,618	2,428,544	22.77%	1,990	1,621
<b>TOTAL</b>	<b>69,693</b>	<b>18,750,000</b>	<b>80,561,873</b>	<b>99,311,873</b>	<b>87,270,097</b>	<b>13.80%</b>	<b>1,425</b>	<b>1,252</b>

Challenge Grants  
**TOTAL STATE AID**

0                    99,311,873                    87,708,640

**Notes:**

- (a) The total amount available in FY 1998 is based on the projections for FY 1398 (\$87.7 m) plus an additional \$11.6 million. The \$11.6 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 21% of the aid per FTE at the public four years.

**Model 4C**  
**FY 1999**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Distributed by Equal Base and Per FTE Funding**

COLLEGES	Estimated FY 1997 FTEs	FY 1999 Base Funding \$20,250,000	FY 1999 Per FTE 1,240.25	Proposed FY 1999 State Aid (a)	Estimated FY 1999 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 1999	Per FTE Current Law FY 1999
Allegany	1,589	1,350,000	1,970,765	3,320,765	3,120,613	6.41%	2,090	1,964
Anne Arundel	8,310	1,350,000	10,306,519	11,656,519	9,453,461	23.30%	1,403	1,138
Baltimore County	17,207	1,350,000	21,341,068	22,691,068	20,108,825	12.84%	1,319	1,169
Carroll	1,876	1,350,000	2,326,718	3,676,718	2,858,941	28.60%	1,960	1,524
Cecil	1,184	1,350,000	1,468,462	2,818,462	2,156,008	30.73%	2,380	1,821
Charles	3,575	1,350,000	4,433,912	5,783,912	4,145,260	39.53%	1,618	1,160
Chesapeake	1,400	1,350,000	1,736,357	3,086,357	2,410,140	28.06%	2,205	1,722
Frederick	2,634	1,350,000	3,266,832	4,616,832	3,111,913	48.36%	1,753	1,181
Garrett	670	1,350,000	830,971	2,180,971	1,907,424	14.34%	3,255	2,847
Hagerstown	1,970	1,350,000	2,443,302	3,793,302	3,382,383	12.15%	1,926	1,717
Harford	3,614	1,350,000	4,482,282	5,832,282	4,348,601	34.12%	1,614	1,203
Howard	3,752	1,350,000	4,653,437	6,003,437	4,398,697	36.48%	1,600	1,172
Montgomery	13,123	1,350,000	16,275,866	17,625,866	14,822,644	18.91%	1,343	1,130
Prince George's	8,525	1,350,000	10,573,174	11,923,174	10,159,283	17.36%	1,399	1,192
Wor-Wic	1,543	1,350,000	1,913,713	3,263,713	2,487,478	31.21%	2,115	1,612
<b>TOTAL</b>	<b>70,972</b>	<b>20,250,000</b>	<b>88,023,377</b>	<b>108,273,377</b>	<b>88,871,670</b>	<b>21.83%</b>	<b>1,526</b>	<b>1,252</b>
<b>Challenge Grants</b>								
<b>TOTAL STATE AID</b>								

**Notes:**

- (a) The total amount available in FY 1999 is based on the projections for FY 1999 (\$89.3 m) plus an additional \$19.0 million. The \$19.0 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 22.0% of the aid per FTE at the public four years.

145

**Model 4D**  
**FY 2000**

**Percent of Four Year Funding Per Student - 1% Annual Increase**  
**Community College Funding**  
**Distributed by Equal Base and Per FTE Funding**

COLLEGES	Estimated FY 1998 FTES	FY 2000 Base Funding	FY 2000 Per FTE	Proposed FY 2000 State Aid (a)	Estimated FY 2000 Current Aid	Percent Increase (Decrease)	Per FTE New Option FY 2000	Per FTE Current Law FY 2000
Allegany	7,390	1,450,000	2,112,530	3,562,530	3,150,312	13.08%	2,241	1,981
Anne Arundel	8,457	1,450,000	11,236,268	12,688,268	9,634,336	31.68%	1,500	1,139
Baltimore County	17,345	1,450,000	23,045,178	24,495,178	20,274,671	20.82%	1,412	1,169
Carroll	1,951	1,450,000	2,592,167	4,042,167	2,934,515	37.75%	2,072	1,504
Cecil	1,209	1,450,000	1,606,320	3,056,320	2,179,981	40.22%	2,528	1,803
Charles	3,625	1,450,000	4,816,303	6,268,303	4,253,007	47.34%	1,729	1,173
Chesapeake	1,425	1,450,000	1,893,305	3,343,305	2,434,821	37.31%	2,346	1,709
Frederick	2,707	1,450,000	3,596,615	5,046,615	3,202,073	57.80%	1,864	1,183
Garnett	670	1,450,000	890,186	2,340,186	1,970,082	18.79%	3,493	2,940
Hagerstown	2,010	1,450,000	2,670,557	4,120,557	3,480,232	18.40%	2,050	1,731
Harford	3,714	1,450,000	4,934,551	6,384,551	4,428,669	44.16%	1,719	1,192
Howard	3,877	1,450,000	5,151,119	6,601,119	4,519,883	46.05%	1,703	1,166
Montgomery	13,376	1,450,000	17,771,824	19,221,824	15,145,585	26.91%	1,437	1,132
Prince George's	8,600	1,450,000	11,426,263	12,878,283	10,187,899	26.39%	1,497	1,185
Wor-Wic	1,590	1,450,000	2,112,530	3,562,530	2,546,195	39.92%	2,241	1,601
<b>TOTAL</b>	<b>72,146</b>	<b>21,750,000</b>	<b>95,855,715</b>	<b>117,605,715</b>	<b>80,341,761</b>	<b>30.18%</b>	<b>1,630</b>	<b>1,252</b>

Challenge Grants  
TOTAL STATE AID

0                    117,605,715                    0                    453,979  
                      90,795,740

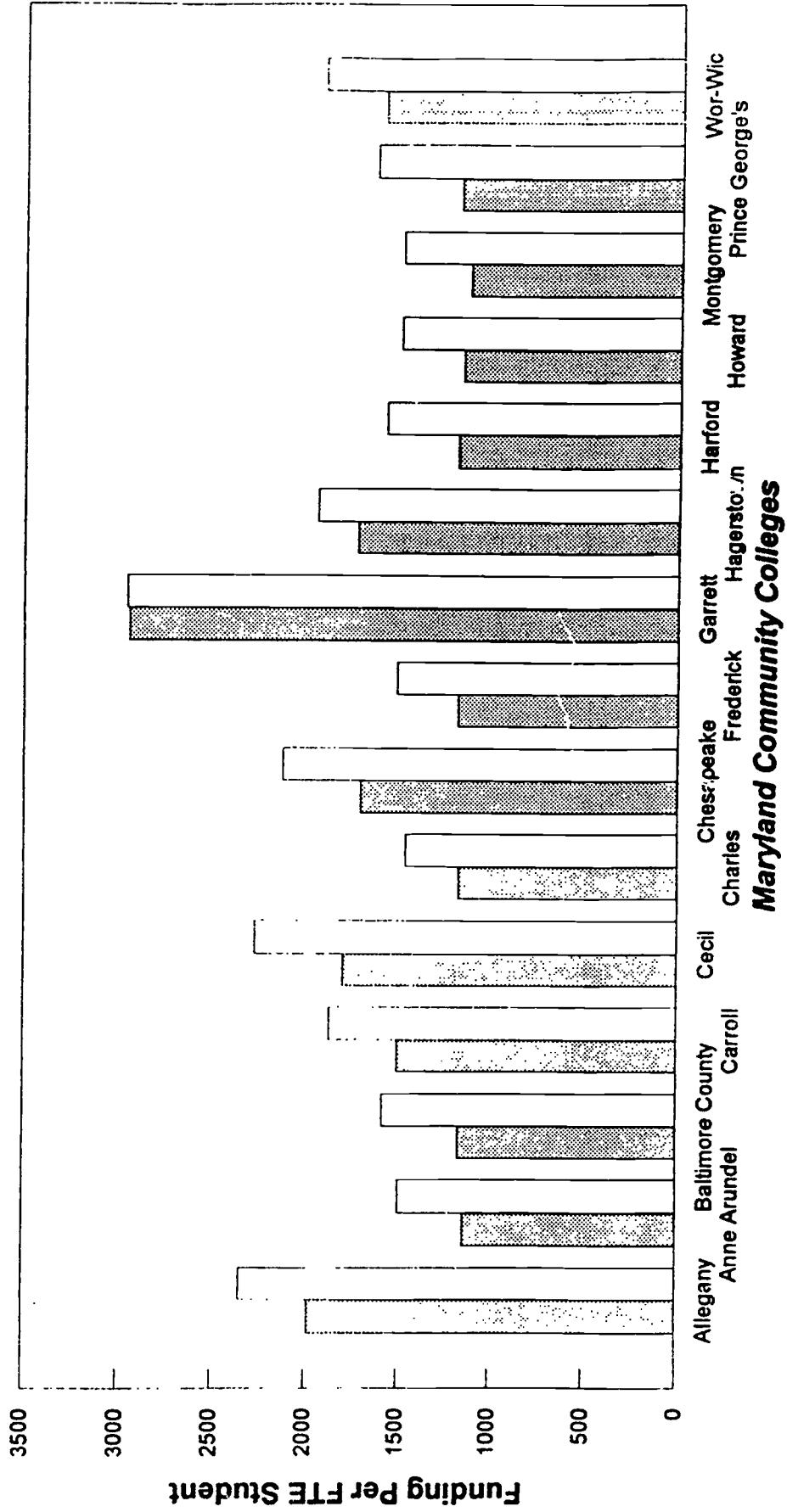
Notes:

- (a) The total amount available in FY 2000 is based on the projections for FY 2000 (\$90.8 m) plus an additional \$26.8 million. The \$26.8 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 23.0%; of the aid per FTE at the four year publics.

### **Distribution Model that Holds Each College Harmless at FY 1996 Levels and Distributes Additional Funds on a Per FTE Basis (Model 5)**

- Under this model, each college receives the same state grant it received in fiscal 1996. Any additional funds would be distributed on a per FTE basis. The fiscal 1996 grant becomes the base for future years.
- No college loses funding per FTE under this option by the year 2000.
- No college loses funds under this model in the first fiscal year. Garrett would have small gains in fiscal 1997 and 2000, with small losses in fiscal 1998 and 1999. Garrett would still receive more funding per FTE than any other college.
- Other colleges gain from 12% to 39% in fiscal 2000 over projected funding under current law.
- Under this option, the spread in aid per FTE is reduced by about a third.

**Option 5 - Hold Harmless at FY 1996 Levels Plus Per FTE Funding  
Funding Per FTE Student - FY 2000**



## SUMMARY

**Model 5**  
**Community College Funding**  
**Hold Harmless at FY 1996 Levels Plus Per FTE Funding**  
**Percent Increase (Decrease) Over Current Law Estimates**  
**FY 1997 - 2000**

COLLEGES	FY 1997 Proposed State Aid	FY 1997 % Increase (Decrease) Over Cur. Law	FY 1998 Proposed State Aid	FY 1998 % Increase (Decrease) Over Cur. Law	FY 1999 Proposed State Aid	FY 1999 % Increase (Decrease) Over Cur. Law	FY 2000 Proposed State Aid	FY 2000 % Increase (Decrease) Over Cur. Law
								Over Curr. Law
Allegany	3,183,148	4.14%	3,341,502	8.40%	3,538,364	13.39%	3,736,819	18.62%
Anne Arundel	9,678,367	6.19%	10,514,731	13.62%	11,572,404	22.41%	12,669,070	31.50%
Baltimore County	21,343,682	7.95%	23,126,922	16.17%	25,285,725	25.64%	27,467,509	35.48%
Carroll	2,949,685	7.47%	3,146,309	12.81%	3,389,561	18.56%	3,654,480	24.53%
Cecil	2,320,778	7.97%	2,439,290	14.19%	2,594,076	20.32%	2,752,010	26.26%
Charles	4,033,759	3.89%	4,395,921	9.56%	4,849,094	16.98%	5,315,393	24.98%
Chesapeake	2,530,027	6.16%	2,671,600	11.86%	2,847,002	18.13%	3,031,856	24.52%
Frederick	3,134,259	6.38%	3,402,352	12.79%	3,743,709	20.30%	4,102,269	28.11%
Garrett	1,739,127	0.09%	1,810,245	-0.82%	1,886,168	-0.59%	1,979,671	0.49%
Hagerstown	3,200,530	1.97%	3,405,843	4.24%	3,651,336	7.95%	3,913,453	12.45%
Harford	4,554,358	7.59%	4,926,215	15.16%	5,383,027	23.79%	5,874,926	32.66%
Howard	4,451,054	6.00%	4,828,915	12.76%	5,311,749	20.76%	5,831,216	29.01%
Montgomery	15,298,096	7.76%	16,658,451	15.16%	18,332,909	23.68%	20,073,395	32.54%
Prince George's	11,110,236	9.22%	11,994,917	18.33%	13,051,889	28.47%	14,145,486	38.85%
Wor. Vic	2,493,574	4.57%	2,648,659	9.06%	2,846,360	14.43%	3,058,162	20.11%
<b>TOTAL</b>	<b>92,020,680</b>	<b>6.86%</b>	<b>99,311,873</b>	<b>13.80%</b>	<b>108,273,377</b>	<b>21.83%</b>	<b>117,605,715</b>	<b>30.18%</b>

Note:

Total amount available is based on a formula that grants community colleges, on a per FTE basis, 20% of the aid per FTE at the four year publics beginning in fiscal 1997, increasing to 23% by fiscal 2000.

**Model 5A**  
**FY 1997**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Hold Harmless at FY 1996 Levels Plus Per FTE Funding**

COLLEGES	Audited FY 1995 FTEs	FY 1996 State Aid	FTE Distr. over Base Grant \$4,339,646	Net FY 1997 State Aid(a)	Est. Current FY 1997 State Aid	Difference New Option Vs. Current	Per FTE New Option FY 1997	Per FTE Current Law FY 1997
Allegany	1,677	3,077,320	105,828	3,183,148	3,056,605	4.14%	1,898	1,823
Anne Arundel	8,194	9,161,279	517,087	9,678,367	9,113,961	6.19%	1,181	1,112
Baltimore County	16,964	20,273,159	1,070,523	21,343,682	19,771,006	7.95%	1,258	1,165
Carroll	1,655	2,845,245	104,440	2,949,685	2,744,546	7.47%	1,782	1,658
Cecil	1,113	2,250,541	70,237	2,320,778	2,149,487	7.97%	2,085	1,931
Charles	3,517	3,811,817	221,942	4,033,759	3,882,795	3.89%	1,147	1,104
Chesapeake	1,414	2,440,796	89,231	2,530,027	2,383,215	6.16%	1,789	1,685
Frederick	2,453	2,979,461	154,798	3,134,259	2,946,163	6.38%	1,278	1,201
Garrett	592	1,701,769	37,359	1,739,127	1,737,536	0.09%	2,938	2,935
Hagerstown	1,914	3,079,746	120,784	3,200,530	3,138,812	1.97%	1,672	1,640
Harford	3,485	4,334,435	219,923	4,554,358	4,233,008	7.59%	1,307	1,215
Howard	3,612	4,223,116	227,837	4,451,054	4,199,250	6.00%	1,232	1,163
Montgomery	12,246	14,525,305	772,791	15,298,096	14,196,905	7.76%	1,249	1,159
Prince George's	8,428	10,578,382	531,854	11,110,236	10,172,573	9.22%	1,318	1,207
Wor-Wic	1,504	2,398,663	94,911	2,493,574	2,384,686	4.57%	1,658	1,586
<b>TOTAL</b>	<b>68,768.00</b>	<b>87,681,034</b>	<b>4,339,646</b>	<b>92,020,680</b>	<b>86,110,553</b>	<b>6.86%</b>	<b>1,338</b>	<b>1,252</b>
<b>Challenge Grants TOTAL</b>							<b>432,716</b>	
							<b>92,020,580</b>	<b>86,543,269</b>

Notes:

(a) The total amount available in FY 1997 is based on the request for FY 1997 (\$86,533,252) plus an additional \$5.5 million. The \$5.5 million is what colleges would receive under a formula that

Prepared by Department of Fiscal Services, October 1995.

**Model 6B**  
**FY 1998**

**Percent of Four Year Funding Per Student - 1% Annual Increase**  
**Community College Funding**  
**Hold Harmless at FY 1996 Levels Plus Per FTE Funding**

COLLEGES	Estimated FY 1996 FTEs	FY 1996 State Aid	FTE Distr. over Base Grant \$11,830,839	Net State Aid(a)	Est. Current FY 1998 State Aid	Difference New Option Vs. Current	Per FTE New Option FY 1998	Per FTE Current Law FY 1998
Allegany	1,583	3,077,320	284,182	3,344,502	3,082,680	8.40%	2,111	1,947
Anne Arundel	8,110	9,161,279	1,353,452	10,514,731	9,253,909	13.62%	1,297	1,141
Baltimore County	17,100	20,273,159	2,853,764	23,126,922	19,907,043	16.17%	1,352	1,164
Carroll	1,804	2,845,245	301,064	3,146,309	2,789,096	12.81%	1,744	1,546
Cecil	1,131	2,250,541	188,749	2,439,290	2,136,144	14.19%	2,157	1,889
Charles	3,500	3,811,817	584,104	4,395,921	4,012,499	9.59%	1,258	1,146
Chesapeake								
Frederick	1,383	2,440,796	230,804	2,671,600	2,388,419	11.86%	1,932	1,727
Garrett	2,534	2,979,461	4	3,402,352	3,016,448	12.79%	1,343	1,190
Hagerstown	650	1,701,769	1,000/6	1,810,245	1,825,167	-0.82%	2,785	2,808
Harford	1,954	3,079,746	328,097	3,405,843	3,267,357	4.24%	1,743	1,672
Howard	3,546	4,334,435	591,780	4,926,215	4,277,828	15.16%	1,389	1,206
Montgomery	3,630	4,223,116	605,799	4,828,915	4,282,301	12.76%	1,330	1,180
Prince George's	12,782	14,525,305	2,133,147	16,658,451	14,465,525	15.16%	1,303	1,132
Wor-Wic	8,488	10,576,382	1,416,535	11,994,917	10,137,133	16.33%	1,413	1,194
	1,498	2,398,663	249,996	2,646,659	2,428,544	9.08%	1,768	1,621
<b>TOTAL</b>	<b>69,693.00</b>	<b>87,681,034</b>	<b>11,630,839</b>	<b>99,311,873</b>	<b>87,270,997</b>	<b>13.80%</b>	<b>1,425</b>	<b>1,252</b>

Challenge Grants  
**TOTAL**

438,543  
**99,311,873      87,708,640**

Notes:

- (a) The total amount available in FY 1998 is based on the projections for FY 1998 (\$87.7 m) plus an additional \$11.6 million. The \$11.6 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 21.0% of the aid per FTE at the four year publics.

161

Prepared by Department of Fiscal Services, October 1995.

**Model 5C**  
**FY 1999**

**Percent of Four Year Funding Per Student - 1% Annual Increase**

**Community College Funding  
Hold Harmless at FY 1996 Levels Plus Per FTE Funding**

COLLEGES	Estimated FY 1997 FTEs	FY 1996 State Aid	FTE Distr. over Base Grant	Net State Aid(a)	Est. Current FY 1999 State Aid	Difference New Option Vs. Current	Per FTE New Option FY 1999	Per FTE Current Law FY 1999
Allegany	1,589	3,077,320	461,044	3,538,364	3,120,613	13.39%	2,227	1,964
Anne Arundel	6,310	9,161,279	2,411,125	11,572,404	9,453,461	22.41%	1,393	1,138
Baltimore County	17,207	20,273,159	4,892,567	25,265,725	20,108,825	25.64%	1,468	1,169
Carroll	1,876	2,845,245	544,317	3,389,561	2,858,941	18.58%	1,807	1,524
Cecil	1,184	2,250,541	343,535	2,594,076	2,156,008	20.32%	2,191	1,821
Charles	3,575	3,811,817	1,037,277	4,849,094	4,145,260	16.98%	1,356	1,160
Chesapeake	1,400	2,440,796	406,298	2,847,002	2,410,140	18.13%	2,034	1,722
Frederick	2,634	2,979,461	784,248	3,743,709	3,111,913	20.30%	1,421	1,181
Garrett	670	1,701,769	194,399	1,896,168	1,907,424	-0.59%	2,830	2,847
Hagerstown	1,970	3,079,748	571,590	3,651,336	3,382,383	7.95%	1,853	1,717
Harford	3,614	4,334,435	1,048,593	5,383,027	4,348,601	23.79%	1,489	1,203
Howard	3,752	4,223,116	1,088,633	5,311,749	4,398,697	20.76%	1,416	1,172
Montgomery	13,123	14,525,305	3,807,605	18,332,909	14,822,644	23.68%	1,397	1,130
Prince George's	6,525	10,578,382	2,473,507	13,051,889	10,159,283	28.47%	1,531	1,192
Wor-Wic	1,543	2,398,663	447,697	2,846,360	2,487,476	14.43%	1,845	1,612
<b>TOTAL</b>	<b>70,972.00</b>	<b>87,681,034</b>	<b>20,592,343</b>	<b>108,273,377</b>	<b>88,871,670</b>	<b>21.83%</b>	<b>1,526</b>	<b>1,252</b>
<b>Challenge Grants</b>								
<b>TOTAL</b>							<b>446,591</b>	<b>89,318,281</b>

Notes:

- (a) The total amount available in FY 1999 is based on the projections for FY 1999 (\$89.3 m) plus an additional \$19.0 million. The \$19.0 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 22.0% of the aid per FTE at the four year publics.

**Model 6D**  
**FY 2000**  
**Percent of Four Year Funding Per Student - 1% Annual Increase**  
**Community College Funding**  
**Hold Harmless at FY 1996 Levels Plus Per FTE Funding**

COLLEGES	Estimated FY 1998 FTEs	FY 1998 State Aid	FTE Distr. over Base Grant \$29,924,681	Net FY 2000 State Aid(a)	Est. Current FY 2000 State Aid	Difference New Option Vs. Current	Per FTE New Option FY 2000	Per FTE Current Law FY 2000
Allegany	1,590	3,077,320	659,499	3,736,819	3,150,312	18.62%	2,350	1,981
Anne Arundel	8,457	9,161,279	3,507,790	12,689,070	9,634,336	31.50%	1,498	1,139
Baltimore County	17,345	20,273,159	7,184,350	27,467,509	20,274,671	35.48%	1,584	1,169
Carroll	1,951	2,845,245	809,235	3,654,480	2,934,515	24.53%	1,873	1,504
Cecil	1,209	2,250,541	501,468	2,752,010	2,179,881	26.28%	2,276	1,803
Charles	3,625	3,811,817	1,503,576	5,315,383	4,253,007	24.98%	1,466	1,173
Chesapeake	1,425	2,440,796	581,061	3,031,858	2,434,821	24.52%	2,128	1,709
Frederick	2,707	2,979,461	1,122,808	4,102,289	3,202,073	28.11%	1,515	1,183
Garnett	670	1,701,769	277,902	1,979,871	1,970,082	0.49%	2,955	2,940
Hagerstown	2,010	3,079,746	833,707	3,913,453	3,480,232	12.45%	1,947	1,731
Harford	3,714	4,334,435	1,540,491	5,874,928	4,428,669	32.88%	1,582	1,192
Howard	3,877	4,223,116	1,608,100	5,831,216	4,519,883	29.01%	1,504	1,166
Montgomery	13,376	14,525,305	5,548,090	20,073,395	15,145,525	32.54%	1,501	1,132
Prince Georges	8,600	10,576,382	3,587,104	14,145,486	10,187,899	38.85%	1,645	1,185
Wor-Wic	1,590	2,398,663	659,499	3,058,182	2,546,195	20.11%	1,923	1,601
<b>TOTAL</b>	<b>72,146.00</b>	<b>87,681,034</b>	<b>29,924,681</b>	<b>117,605,715</b>	<b>90,341,761</b>	<b>30.18%</b>	<b>1,630</b>	<b>1,252</b>

Challenge Grants  
**TOTAL**

117,605,715      453,979  
90,795,740

Notes:

- (a) The total amount available in FY 2000 is based on the projections for FY 2000 (\$80.8 m) plus an additional \$26.8 million. The \$26.8 million is what colleges would receive under a formula that grants community colleges, on a per FTE basis, 23.0% of the aid per FTE at the four year publics.

1995  
Prepared by Department of Fiscal Services, October 1995.

**BEST COPY AVAILABLE**

**Current Community College Formula  
College FTE Counts as Percent of Total FTEs  
Sorted by College Size  
FY 1996**

<b>COLLEGES</b>	<b>Audited FY 1994 FTES</b>	<b>Count as % of Total FTEs</b>
Garrett	537	0.77%
Cecil	1,113	1.59%
Chesapeake	1,377	1.97%
Wor-Wic	1,470	2.10%
Allegany	1,678	2.40%
Carroll	1,714	2.45%
Hagerstown	1,964	2.80%
Frederick	2,492	3.56%
Charles	3,381	4.83%
Howard	3,538	5.05%
Harford	3,581	5.11%
Anne Arundel	8,168	11.67%
Prince George's	9,030	12.90%
Montgomery	12,645	18.06%
Baltimore County	17,334	24.75%
<b>TOTAL</b>	<b>70,021</b>	<b>100.00%</b>

**Definitions under current law (as shown by bold lines):**

**Small School:** FTE enrollment less than or equal to 80%  
of the statewide median.

**Medium School:** FTE enrollment between 80% and 200%  
of the statewide median.

**PROPOSED MAINTENANCE OF EFFORT REQUIREMENTS  
FOR COMMUNITY COLLEGE APPROPRIATIONS  
BY LOCAL GOVERNMENTS**

**CURRENT LAW:** REQUIRES LOCAL GOVERNMENTS TO MATCH TOTAL DOLLAR AMOUNTS FROM PREVIOUS YEAR.

**ALTERNATIVE #1:** WOULD REQUIRE LOCAL GOVERNMENTS TO MATCH A PER PUPIL DOLLAR AMOUNT FROM THE PREVIOUS YEAR, OR TOTAL DOLLAR AMOUNT IF ENROLLMENT DECLINES. THIS ALTERNATIVE IS SIMILAR TO THE MAINTENANCE OF EFFORT REQUIREMENT UNDER THE BASIC CURRENT EXPENSE FORMULA.

**ALTERNATIVE #2:** WOULD REQUIRE LOCAL GOVERNMENTS TO MATCH A SET PERCENTAGE (I.E., 50%) OF THE STATE INCREASE IN THE MANDATED FORMULA AMOUNT IN ORDER TO RECEIVE ANY INCREASE IN THE STATE APPROPRIATION.

**ALTERNATIVE #3:** RECOGNIZING THAT THE STATE IS INFUSING A SUBSTANTIAL INCREASE IN THE FIRST YEAR, POSTPONE THE IMPLEMENTATION OF ALTERNATIVE #2 UNTIL THE SECOND YEAR; CURRENT LAW OR ALTERNATIVE #1 COULD APPLY IN THE FIRST YEAR.

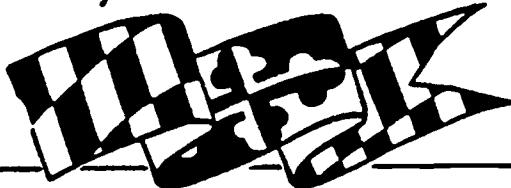
**ALTERNATIVE #4:** ALTERNATIVE #2; HOWEVER, IF A LOCAL GOVERNMENT FAILS TO MEET ITS REQUIRED INCREASE, ITS SHARE OF THE STATE INCREASE IS LOWERED. FOR INSTANCE, IF THE STATE'S SHARE INCREASES BY 15%, LOCAL GOVERNMENTS WOULD NEED TO INCREASE THEIR SHARE BY 7.5% IN ORDER TO RECEIVE THEIR FULL SHARE OF THE STATE INCREASE. IF A LOCAL GOVERNMENT ONLY INCREASES ITS SHARE BY 5%, THEN IT WOULD ONLY RECEIVE 10% OF THE STATE INCREASE.

**ALTERNATIVE #5:** CURRENT LAW FOR YEARS 1-5; STARTING IN YEAR 6, LOCAL GOVERNMENTS WOULD BE REQUIRED TO MATCH 33% OF THE STATE INCREASE OF MANDATED FORMULA AID.

**MACO RECOMMENDATION:** CURRENT LAW

**MACC RECOMMENDATION:** CURRENT LAW

# Maryland Association of



## Community Colleges

60 West Street

Suite 200

Annapolis, Maryland 21401

Phone: (410) 974-8117

Fax: (410) 263-6425

### **Proposal to Secretary Brady for Strengthening Community Colleges' Role in Economic Development**

In response to your request, the Maryland Council of Community College Presidents (MCCCCP) developed the following statement and proposal, which has been approved by the MACC Executive Committee.

The nation has moved from a domestic economy to a world economy. As the nation goes, so goes each state. New and improved technology, communications, and transportation have put the pressure on companies for continuous change to keep up in the marketplace. The world of work has experienced massive restructuring, layoffs and retraining at an unprecedented level. Within each state these rapid changes require the support of a highly competent educational infrastructure that can train and retrain its workforce.

Maryland's community college system has evolved into a strong educational network with tremendous potential for affecting the total economic development of the state. It is a system of eighteen institutions that serve the citizenry of Maryland from Garrett County to Wicomico and from Harford to Worcester. The community college is the educational and technical hub within each county and/or region. It is the place where community forums come together and are heard, where learning draws an eclectic group of students (age, ethnicity, economic, etc.) And where businesses now, more than ever, are realizing the rich resources contained within its domain.

Over the past ten years the borders surrounding each community college have expanded, linking one to another in educational partnerships and common community initiatives. In this link lies its strength - that is its strength in numbers. It is a network that succeeds because of its responsive nature both individually and collectively, to its publics. In 1993 alone, Maryland's community colleges delivered customized instruction to 1600 businesses throughout the state. It is a resource that is perched at Maryland's economic development doorway.

#### **RECOMMENDATION:**

Create a permanent linkage/infrastructure among the state's community colleges, the Department of Business and Economic Development (DBED), the Department of Labor, Licensing, and Regulations (DOLLAR) and the Maryland Higher Education Commission (MHEC) in the form of a subcabinet: The Governor's Subcabinet on Statewide Workforce Training.

PURPOSE:

To promote economic development through statewide use of community colleges in workforce training and to create a single point of contact for accessing community colleges.

MEMBERSHIP:

Appropriate MHEC Secretary  
Appropriate DBED Secretary  
Appropriate DOLLAR Secretary  
MACC Representative

FUNDING:

To be funded jointly by DBED and DOLLAR out of training contracts.

MEETINGS:

Monthly or bi-weekly

TASKS:

1. To create and implement a statewide business and industry training program analogous to North Carolina's, to include:
  - Emphasis on providing a technically competent workforce
  - Assessment of workforce needs
  - Participation on recruiting trips and site visits
  - Creation and dissemination of promotional materials
  - Identification of strong training programs throughout the State
2. To create and implement a mechanism for use of training funds at community colleges (e.g. voucher system for small and large businesses, etc.)

STRATEGY:

Get the Governor to issue an Executive Order establishing the Governor's Subcabinet on Statewide Workforce Training.